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Bonn Sets Cuts in Training

Troop Maneuvers Will Be Trimmed By 50% a Year

By Joseph Fitchett
West German troops will cut their training maneuvers by 50 percent a year starting in 1990, Bonn Defense Ministry officials said Thursday.

In a new approach to military exercises, they said, West Germany will train most of its troops in much smaller units, of fewer than 2,000 men, and will try to field larger units, like divisions, only for such limited operations as crossing a river.

The West German military spokesman, Colonel Winfried ... NATO defense ministers urge their governments to maintain military spending levels. Page 2.



An army patrol checking the papers of a motorist in the Soviet Armenian capital of Yerevan.

Soviets Disclose Toll in Caucasus

By Michael Dobbs
[Washington Post Service]

MOSCOW — After a week of virtual silence, Soviet newspapers published reports Thursday of alarming ethnic strife in the southern Transcaucasian republics, acknowledging that 28 people had been killed as a result of the disturbances.

President Mikhail S. Gorbachev met Thursday night with Azerbaijani and Armenian leaders to review measures to restore calm to the region. A report by the Tass news agency said the unrest had already resulted in serious economic damage and could adversely affect "the democratic processes of renewal now under way in the country."

According to Soviet correspondents reporting from Baku, the Azerbaijani capital, the continuing protests there have taken on an increasingly nationalistic and Islamic tone, the Los Angeles Times reported from Moscow.

[Pictures of the Ayatollah Ruhollah Khomeini, Iran's supreme leader, have been carried in Baku's Lenin Square; green Islamic banners and some Turkish flags have been unfurled and demonstrators' speeches are said to be focusing on nationalist grievances against the central government, rather than on the issue of the disputed Nagorno-Karabakh Autonomous Region alone.]

Pravda quoted the head of See ETHNIC, Page 2

Moscow Enacts First Phase of Power Transfer

But Some Legislators Resist Gorbachev's 'New Chapter'

By Philip Taubman
[New York Times Service]

MOSCOW — The Soviet legislature has approved the first phase of a plan by President Mikhail S. Gorbachev to redesign the political system, enacting into law on Thursday a partial transfer of power from the Communist Party to popularly elected legislative bodies.

The plan, overshadowed by ethnic unrest in recent days, would create a powerful new post of state president, establish a new national legislature with broad authority, limit terms of office for government officials to 10 years, require competitive elections and strengthen the independence of judges.

The changes have inspired considerable opposition, especially among intellectuals who fear that they will give Mr. Gorbachev a dangerous monopoly on power, and among minority national groups that see in the new laws an infringement of local autonomy.

In a small but rare display of defiance for the docile legislature, the Supreme Soviet, five deputies out of 1,500 voted against some provisions and 27 abstained, all from the Baltic region, where elements of the plan are widely seen as limiting local rights.

Spoils of a Bitter Fight: RJR Nabisco Faces a Dismantling

By James Sterngold
[New York Times Service]

NEW YORK — Kohlberg Kravis Roberts & Co., the powerful New York buyout firm, has agreed to pay \$24.88 billion for RJR Nabisco Inc. and is expected then to start selling off pieces of its prize, the most expensive in corporate history.

Nabisco, the foods and tobacco giant, late Wednesday night.

RJR Nabisco's board announced that the bid was superior to the last offer from a group led by F. Ross Johnson, RJR Nabisco's chief executive, and top management.

The management group hinted that it was not yet ready to concede defeat, but gave no indication of what further action, if any, it might take.

Although many brand names are likely to go on the block, Kohlberg Kravis appears likely to sell off less of RJR Nabisco than might have been the case with a victory by the management group, the Los Angeles Times reported.

planned to sell just \$5 billion to \$6 billion of food assets. The source claimed that RJR Nabisco's management would have been more likely to unload most or all of the food assets.

"Just about every food company in the world that you could mention would be interested in parts of RJR Nabisco," John Maxwell, an analyst at Wheat First Securities in Richmond, Virginia, told the Los Angeles Times.

sell nuts, candy, cookies, crackers, cereals, fruits and vegetables marketed under such brand names as Planters, Life Savers, Mrs. Chips, Ahoy!, Premium, Ritz, Del Monte and dozens of others.

Ralston Purina Co., Procter & Gamble Co. and Castle & Cooke Inc. may be interested in various parts of RJR Nabisco. The three belonged to a group that at one time considered buying all of RJR Nabisco.

Nabisco marked the second time that the company's board had set a supposedly firm bidding deadline, only to alter the rules afterward and allow more haggling.

Any pretense of rules, procedures or order was dropped Wednesday, as the auction turned into a free-for-all. It was a pressure-inducing technique that succeeded in ratcheting the bids skyward.

Embattled Miyazawa Hints at Stepping Down

Compiled by Our Staff From Dispatches

TOKYO — The Japanese finance minister, Kiichi Miyazawa, indicated Thursday that he might leave the cabinet, after he acknowledged that a former aide had made a profit in the Recruit Cosmos stock scandal.

Opposition politicians quickly renewed demands for Mr. Miyazawa's removal. Shun Oide, a member of the Diet, or parliament, for the Japan Socialist Party, said: "Miyazawa's remarks today prove he was telling a lie and the first thing he has to do is resign."

Initially, Mr. Miyazawa refused to comment on the affair. Later, he said the shares were bought in Mr. Hattori's name by a friend of his former secretary. Still later, the minister acknowledged the shares were bought in his own name.

Mr. Miyazawa said before a legislative tax committee that his former secretary, Tameo Hattori, bought 10,000 shares in the real estate concern in Mr. Miyazawa's name and made a profit of more than 20 million yen (\$164,640) by selling them after Recruit Cosmos was listed on the stock market.

Mr. Miyazawa also retracted on Thursday an earlier statement that Recruit Cosmos had not approached his former aide with an offer of cheap shares.

Mr. Miyazawa said after the committee meeting that he would take "any action necessary" to help gain legislative approval of the government's tax-reform bills.

Toshihiko Hara, a professor at Tokai University, predicted that Prime Minister Noboru Takeshita "will get rid of Miyazawa in order to put an end to the Recruit scandal and thus ensure the smooth passage of the tax plan."

The widening scandal has implicated dozens of powerful political and business figures and has complicated passage of the tax plan.

The legislation provides for lower income tax and the introduction of a 3 percent sales tax. It is now before the upper house of parliament.

"My responsibility lies with the passage of the tax bills and I have to consider whether I am able to assume that responsibility," Mr. Miyazawa said. He had "no intention to cling" to his position, he said, if remaining in office would hurt the law.



EC MEETING IN GREECE — Prime Minister Andreas Papandreu with his companion, Dimitra Liani, at the airport in Athens on Thursday as he left for the Greek island of Rhodes, where a European Community summit meeting is scheduled to start Friday.

Kiosk

Soviet Jews Get Exit Approval

WASHINGTON (AP) — Soviet authorities have notified 30 to 40 Jews denied exit permits on state secrecy grounds that the barrier to emigration was being removed, the National Conference on Soviet Jewry said Thursday.

Among those affected was Yuli Kosharovsky, who waited for more than 17 years for exit permission. He had been denied a visa for classified work he performed as an electronics engineer until 1968.



Qian Qichen, the Chinese foreign minister, is holding talks in Moscow. Page 2. Related articles, Page 5.

General News

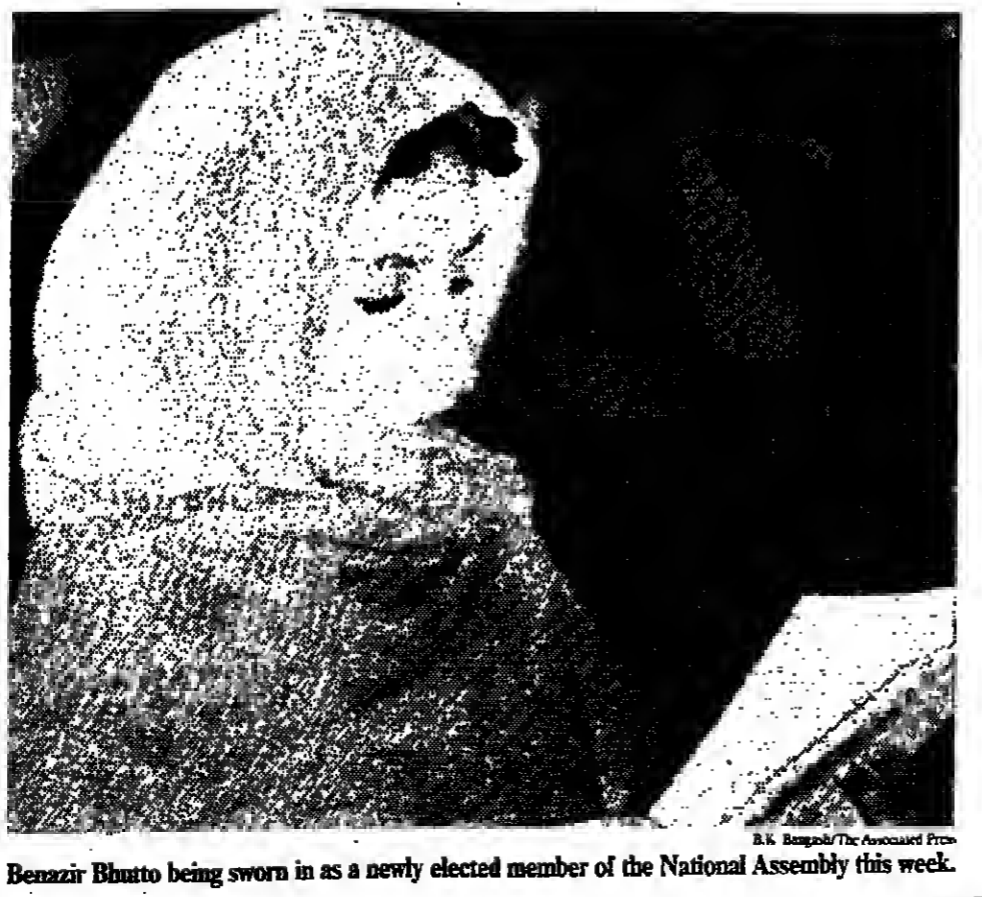
Archaeologists found the oldest known evidence of man's use of fire. Page 3.

Shimon Peres said his agreement with an ultraorthodox party could block a Likud coalition. Page 2.

Business/Finance
AT&T will cut thousands of jobs and take a \$6.7 billion charge, giving it a loss for the year. Page 11.

Dow Close The Dollar in New York

Down 12.63	DM 1.7313
	Pound 1.8533
	Yen 121.425
	FF 5.912



Benazir Bhutto being sworn in as a newly elected member of the National Assembly this week.

From Exile to Power: Bhutto's Journey

By Richard M. Weintraub
[Washington Post Service]

ISLAMABAD, Pakistan — Beozir Bhutto, Harvard and Oxford educated, daughter of a slain prime minister, child of the turbulent history of her country, will stand supreme Friday in Pakistan's National Assembly when she takes the oath of prime minister, the only woman to have risen to power in a predominantly Islamic nation.

Miss Bhutto was appointed to the post Thursday by the acting president, Ghulam Ishaq Khan.

In her autobiography, Miss Bhutto recalled that last visit: "The light inside the death cell is dim. I cannot see him clearly. Every other visit they have allowed us to sit together inside his cell. But not today. My mother and I squeeze together at the bars of his cell door, talking to him in whispers."

away from malaria, dysentery, starvation. But he pulls himself erect, and touches my hand.

"Tonight I will be free," he says, a glow suffusing his face. "I will be joining my mother, my father. I am going back to the land of my ancestors in Larkana to become part of its soil, its scent, its air. There will be songs about me. I will become part of its legend."

He smiles. "But it is hot in Larkana. I'll build a shade," I manage to say.

"The prison authorities move in."

Nine and a half years later, on Nov. 22, 1988, Benazir Bhutto drove up to the departure hall at the Karachi airport. Clustered at the entrance were reporters eager to know of her progress on forming a government after winning 92 seats in the Nov. 16 elections.

from her father's cell for the condemned nine years before, now was seeing her own life protected with the same detached firmness.

It was the latest twist in a life that has seen more radical changes than the road that winds its way through the turbulent Khyber Pass.

Miss Bhutto was born to privilege, into a land-owning family in a region where land and wealth mean power — power over the lives of people who live on the land and a share in the power of the country of which the land is part.

With family estates in Larkana in rural Sind Province and a palatial home in Karachi, she watched and learned as a youngster as her American-educated father made his way in Pakistan's uncertain political world.

She went to America for her own education as an undergraduate at Harvard University's Radcliffe College, and then to England, where at Oxford the first real signs emerged that she was to be a fierce political fighter in her own right.

Gorbachev-Bush: No Negotiating

WASHINGTON — President-elect George Bush said Thursday that there would be no negotiating when he and President Ronald Reagan meet President Mikhail S. Gorbachev next week in New York, according to Senator George J. Mitchell, the newly elected Senate majority leader.

"He made clear to me that it is not his intention to make specific proposals to Mr. Gorbachev or to receive specific proposals from Mr. Gorbachev at that meeting," the Maine Democrat said.

Mr. Mitchell said Mr. Bush saw the Dec. 7 meeting with the Soviet leader mainly as an opportunity to renew acquaintances. "I indicated to the president-elect that I felt that was appropriate given the timing and circumstances of the meeting," Mr. Mitchell said.

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From Exile to Power: Bhutto's Journey

By Richard M. Weintraub
[Washington Post Service]

ISLAMABAD, Pakistan — Beozir Bhutto, Harvard and Oxford educated, daughter of a slain prime minister, child of the turbulent history of her country, will stand supreme Friday in Pakistan's National Assembly when she takes the oath of prime minister, the only woman to have risen to power in a predominantly Islamic nation.

See BHUTTO, Page 2

NATO Ministers Urge European Efforts

By Joseph Fitchett
International Herald Tribune

BRUSSELS — NATO defense ministers, citing diminished Soviet armed strength in Europe, urged their governments Thursday to maintain military spending levels and improve arms cooperation.

The appeal to all Western governments was mainly directed at West European countries, which are being urged by the United States and North Atlantic Treaty Organization leaders to improve their defenses.

In an effort to defuse trans-Atlantic tensions over this issue, known as "burden sharing," defense ministers from 15 allied nations approved a NATO report analyzing how much each country contributes to Western defenses and recommending what more each should do.

The report acknowledged European nations' hard-to-measure contributions to NATO and stressed the need to examine how efficiently nations managed their forces as well as much they spent on defense.

Titled "Enhancing Alliance Collective Security: Shared Roles, Risks and Responsibilities," the report was intended, NATO officials said, to counter pressure in Congress to cut U.S. military spending in Europe and in European parliaments for military retrenchment.

Calling it "a milestone docu-

ment," a senior U.S. official said that the report's "caudor will impress even critics" in Congress, who have accused European governments of refusing public debate of their military performance.

The report "shifts the focus from spending to performance," said another official. But, he added, "eroding public support for defense is pushing every country towards doing less, not more."

His concern was illustrated by an announcement, hours before the report was made public, that West Germany would halve its troop exercises in a move apparently intended to save money and also forestall the growth of public opposition to troop maneuvers.

West Germany emerged in a comparatively favorable light in the NATO survey, partly because it was credited with public willingness to put up with disruptions and accidents caused by troop maneuvers and low-altitude training flights.

In emphasizing the potential for more teamwork among NATO nations, the report disclosed that the alliance would collectively pay for transferring a wing of U.S. fighters, the 401st, to Italy.

The 401st wing of F-16 fighters, formerly based in Spain, needed to be relocated in Western Europe after the Madrid government insisted on its withdrawal as part of an agreement last year to prolong the leases of U.S. military bases. Mem-

bers of Congress had said that the planes would be mothballed unless NATO paid for their move.

Most of the cost of the move, estimated at \$520 million, will be met out of the NATO infrastructure fund, which is used for projects of mutual interest.

The report praised the United States for its "exceptional" performance under the Reagan administration, but said the United States needed to maintain an "exemplary" record and keep its forces in Europe and its nuclear guarantee for the West.

To take fuller account of the role of European countries, the report cited their large armies, often maintained by politically unpopular draft systems, their willingness to accept foreign troops stationed on their soil, their acceptance of nuclear weapons and their economic aid programs.

West Germany also fared well in NATO's annual goals for armed strength in each allied nation. The United States this year had a record of 89 percent in achieving the overall target and 98 percent in making special improvements in its conventional forces. Britain, with 90 percent and 98 percent, did slightly better, and West Germany scored 91 percent and 95 percent.

But spending cuts were shown gaining momentum in European countries. These were among points made in the report:

- West Germany, although gen-

erally sound in its military policy, caused concern that "persistent downward trends" in spending would gradually reduce the capability of its forces.

- Britain was spending more on its military, but needed better efficiency.
- The Netherlands was efficient militarily, but could afford to reverse the downward trend of its military spending.
- Italy has started playing a larger role in Western defense, but needs to do more to obtain fully modern forces.
- Norway needed to do a great deal to contribute its fair share to Western defense and modernize its weaponry.
- Turkey, despite strong military efforts, and Greece and Portugal all needed much more aid from industrially advanced allies to obtain more up-to-date armies.
- Denmark should overcome "hitherto critically low real growth in defense spending."
- Belgian military spending has dropped so low that "Belgium may soon find it difficult to meet its operational requirements."
- France, which was not included in the study, would be roughly comparable to Britain, with strong military budgets and a nuclear force. But analysts said that NATO had to spend a great deal to compensate for France's policy of staying outside the alliance's military structures.

NATO's Rating of Defense Programs

Success rate in 1988 on conventional-force goals

	Overall Targets	Key Improvements
Belgium	56%	61%
Canada	70	70
Denmark	59	63
Germany	91	95
Greece	63	66
Italy	74	74
Luxembourg	28	36
Netherlands	75	74
Norway	67	73
Portugal	78	44
Turkey	66	69
U.K.	90	98
U.S.	89	98

Source: Allied Command Europe

ARMY: Bonn Cuts War Games

(Continued from page 1)

luzzi was noncommittal about the West German plan in the ministerial meeting as well as in a meeting with Mr. Scholz, adding that the step was too complex for an immediate U.S. reaction.

A U.S. official said Mr. Scholz had suggested that allied governments, following the Bonn government's example, look for ways of limiting the scale of their troops' maneuvers in West Germany.

"We agreed to see if there are

better ways" to improve efficiency and minimize disruption to civilians, the official said, adding, "But we're not going to jeopardize our security."

West German territory, he said, is the central front, which is the place where we need to exercise training for a conflict in Europe.

Confirming that the development had caused confusion among alliance leaders, a NATO official said that "the West Germans played this to two audiences, pitching it to placate anti-military sentiment at home and then trying to put it back in NATO strategy at the meeting."

The timing of the announcement, which came without previous consultations, the official added, "sent a widely unfortunate signal" in the alliance on the eve of a NATO ministers' conference to discuss how alliance nations can improve their military programs.

A West German military official said the center-right government in Bonn had decided to circumscribe maneuvers outside military training areas because it feared protests by farmers and by leftist factions who say an active West German is a provocation to Moscow.

But Colonel Dunkel said the change reflected the view of West German commanders that much of the reservists' time was wasted when they were sent into large-scale maneuvers but received little direct exposure to simulated combat.

BHUTTO: The Rise to Power

(Continued from page 1)

The Union, whether they see this future role for themselves at the time or not.

On her return to Pakistan in 1986 it seemed at first as if her dreams would falter. Hinge crowds greeted her return to the country but she found her father's political movement, the People's Party, deeply divided. When elections to local governments were held, the party fared badly. She tried to repair the splits and rebuild where there were weaknesses. Slowly and carefully, she made the right moves. When President Mohammed Zia ul-Haq gave her an opening by dismissing Prime Minister Mohammed Khan Junjo in May, Miss Bhutto was ready to move into the election campaign.

"In the 1970s, the People's Party assumed very radical policies," said one of her political advisers, Rao Rashid, on election eve as he looked back on the strategy that drove the campaign. "It attracted the poor and the have-nots but it alienated very powerful elements."

Miss Bhutto constantly courted the United States, knowing an image of American neutrality would help allay fears about her in the powerful Pakistani military. She made it clear that she was well aware of the dangers from this quarter.

"Zia was chief of staff and involved the whole army in politics," Mr. Rashid said. "He created the impression that the People's Party would assume a policy of revenge, weaken the army, cut its budget. Through statements and speeches we have assured them we want a strong army."

Miss Bhutto herself put it succinctly.

"When asked if she would consider cutting the military's budget, she answered, 'Only if you want martial law.'"

The acting president, Mr. Ishaq Khan, praised her as a "young, educated, cultured and talented lady." "She is," he said, "endowed with the best of leadership qualities and statesmanlike vision."

Mr. Ishaq Khan, at 73, is more than double the age of the 35-year-old prime minister and had served her father as a key official in the Defense Ministry.

Mr. Ishaq Khan became acting president when General Zia died in a plane crash on Aug. 17, opening the way for unfettered elections to restore democratic rule to Pakistan for the first time in a decade.

Immediately after announcing the selection of Miss Bhutto, a president revoked the state of emergency declared on Aug. 17 after General Zia's plane crashed and disbanded the emergency council that was formed to help govern the country.

The caretaker cabinet that was named by General Zia after he dismissed the government of Prime Minister Mohammed Khan Junjo on May 29 also was dissolved, giving Miss Bhutto a clear field to form her government and take over the running of the country.

Rare Red Diamond With Multimillion Facets

By Suzy Menkes
International Herald Tribune

PARIS — A diamond as red as blood — one of only five known stones — is on the market for the price of a bouquet of Van Gogh sunflowers. The Raj Red is valued at \$42 million for just 2.23 carats. That works out at \$1 million a sparkle.

The price on its pinhead reflects its rarity. The common or garden diamond comes up in cognac brown, pink, purple, green or even blue. The Raj is a cardinal red in sunlight, deepening to crimson in the shade. Without its price tag, you might mistake it for a ruby ring.

"I think it is one of the rarest objects on earth," said Ronald Winston, who acquired the stone from India for Harry Winston of New York. "My father never saw a red diamond and he'd seen everything."

"This Raj Red stone is quite phenomenal," Mr. Winston said. "We know that diamonds turn green through uranium, pink through strontium and yellow through nitrogen. But nobody knows what makes a diamond red. It comes from a great Indian family. It is certainly from the ancient Golconda mine, and from the style of the cutting it must go back between 200 to 500 years."

Of the four other red diamonds, the best known is in the Smithsonian Institution in Washington; two have been documented and then disappeared from sight; one came on the market in the United States in April 1987.

How much will it take to buy the Raj Red?

"That's like asking how much you would sell your child for," Mr. Winston said. "It's an object of beauty and we feel very attached to it. It will be exhibited, and I hope it can stay in our collection."

The stone was to have been shown Thursday at the opening of Harry Winston in Tokyo, but festivities were canceled in deference to the state of health of Emperor Hirohito. The Raj Red will go on roving exhibition from next spring as part of the Harry Winston American collection of fly-the-flag red, white and blue diamonds.

Gems from the East are traditionally endowed with magical properties and often bear legends of death and ill fortune. The infamous Koh-i-noor diamond supposedly brings down any male ruler who sticks it in his crown. (It is currently shedding its light on the Queen Mother of England.) The Hope blue diamond served bad luck on all its owners before it became a museum piece.

But Mr. Winston discounts any destructive tendencies for his Raj diamond.

"Red is a lucky color, the color of life," he said. "I think it's a talisman of good luck."

China Foreign Minister Holds Talks in Moscow

By Michael Dobbs
Washington Post Service

MOSCOW — Qian Qichen, the first Chinese foreign minister to visit the Soviet Union in 31 years, arrived here Thursday for talks that could lead to a summit meeting between the two nations next year.

Soon after Mr. Qian's arrival, the Soviet news agency Tass announced that Vietnam would pull out a further 18,000 troops from Cambodia by Dec. 21, the last of 50,000 soldiers that Hanoi pledged to bring home this year in a partial withdrawal.

The Vietnamese presence in Cambodia has been one of the major obstacles posed by Beijing to Chinese-Soviet summit talks.

Before leaving Beijing for his three-day visit to Moscow, Mr. Qian said that conditions were ripe for a summit meeting between President Mikhail S. Gorbachev and the senior Chinese leader, Deng Xiaoping.

In a statement at the start of the talks, the Soviet foreign minister, Eduard A. Shevardnadze, said that in both countries "important processes of economic change and political reform" were under way.

Mr. Qian said he expected his visit to be crowned with the expected results.

The presence of the Chinese foreign minister in Moscow contrasted sharply with the bitter atmosphere surrounding relations between the two countries since the 1960s.

In remarks on his arrival, Mr. Qian indicated that Cambodia remained the major obstacle to a summit meeting. But he said that hoped to make "further progress" on resolving the issue while he was in Moscow.

The statement by Tass quoted the Vietnamese Defense Ministry as saying that six infantry divisions would leave Cambodia by Dec. 21, bringing to 50,000 the number of troops to leave since June.

An estimated 60,000 Vietnamese troops would remain in Cambodia, however.

China, the main supporter of anti-Vietnamese resistance forces in Cambodia, has called on Moscow to bring pressure on Vietnam

ETHNIC: Press Reports Toll

(Continued from page 1)

the Interior Ministry's press office, Boris Michailov, as saying that the death toll included victims of "exchanges of gunfire." He deployed the fact that significant quantities of weapons were in the hands of what he termed "unwise people" in both Armenia and Azerbaijan.

The Interior Ministry figure of 28 deaths was sharply higher than the figure of 19 fatalities provided by Armenian and Azerbaijani officials. Mr. Michailov said the 28 included some accidental deaths "not directly related" to ethnic clashes. He did not elaborate.

The deaths included three Soviet soldiers, who were killed by a hand grenade in Kirovabad on Nov. 23.

The present conflict erupted in February, when Armenia demanded that Azerbaijan cede the largely Armenian-inhabited province of Nagorno-Karabakh. Since then, there has been an upsurge of nationalist sentiment in both republics, fueled by traditional hostility.

The recent outbreak of violence has also resulted in a mass exodus of Azerbaijani and Armenian minorities from each other's republics.

"Refugees in our time," Mr. Michailov said, "is an unbelievable, stunning fact. But it is a fact." His comment reflected the sense of ideological shock felt by many Soviet Communists reared on the propaganda of "eternal friendship" among the more than 100 nationalities that make up the Soviet Union.

Israel Political Picture Grows Even Murkier

By Joel Brinkley
New York Times Service

JERUSALEM — The political predicament in Israel grew even more tangled on Thursday as the religious parties split between Labor and Likud, leaving neither side with enough seats to form a government.

On Wednesday, the Labor Party's main decision-making body voted not to join a coalition with Likud, and most members said they wanted to become a vocal opposition party.

But instead, the Labor Party leader, Shimon Peres, signed a formal coalition agreement with the rigorously Orthodox party Agudat Israel on Thursday, and the Shas party signed with Likud.

The two-party Daged HaTorah party, also rigorously Orthodox, remained uncommitted, though leaning toward Likud.

When all the obligations were counted, the two large parties were nearly tied — 60 seats in the Knesset, or parliament, for Labor and 58 for Likud. At least 61 seats are needed to form a government.

Even if Daged HaTorah eventually chooses to join Labor, giving that party 62 seats, Mr. Peres would not be able to form a government because five of the Knesset members who have pledged to support him belong to far-left Arab parties, and Labor finds it politically impossible to accept those Arab parties as coalition partners.

Still, Labor officials were gloating on Thursday that they had stymied Likud. "Now they can't form a government," a senior Labor strategist said.

Asked if he was in the running to become prime minister again, Mr. Peres said: "Why not? The results of the elections are not decidedly on one side."

At the prime minister's office, meanwhile, officials were frustrated and gloom. "It's chaos, complete chaos," a senior aide to Prime Minister Yitzhak Shamir said.

No one from either Likud or Labor was willing to predict how it would all turn out.

Roni Milo, a close adviser to Mr. Shamir, said, "The truth is that this level is that it is difficult to fix an estimate of the situation."

Still, he also predicted that Likud would be able to woo Agudat Israel back. But in an interview, Rabbi Menachem Porush, a leader of Agudat Israel, said: "What will happen in the future I can't say, but I don't see it. We have signed with Labor."

Likud has three more days to form a governing coalition before Mr. Shamir must advise President Chaim Herzog whether he has succeeded or failed. If, as seems likely, Mr. Shamir is unable to cobble together a 61-seat majority by Monday, given the circumstances on Thursday Mr. Herzog will most likely turn to Mr. Peres and give him a chance to try. It is possible, though, that he would give Mr. Shamir a 21-day extension.

If Mr. Herzog turns to Labor, Mr. Peres would have three weeks to stitch together a coalition of his own. That would mean enticing either Shas or the National Religious Party away from Likud. Shas held talks with Labor early in November, and on Thursday night Zevulun Hammer, a National Religious Party leader, did not rule out the possibility of leaving Likud for Labor.

Walesa Won TV Debate, Poles Say

By John Tagliabue
New York Times Service

WARSAW — Supporters of Lech Walesa swamped his office in Gdansk with flowers and messages of congratulation Thursday following a television debate Wednesday in which he urged the government to legalize his outlawed Solidarity union.

Andrzej Wajda, Poland's most accomplished film director and a strong Solidarity supporter, spoke of a "great event" and a "victory for Solidarity."

The thrust of government propaganda was to rebut the debate as evidence of unusual official openness. Uniform reports in all papers by the official news agency stressed that both sides had stuck to their positions.

But one of Mr. Walesa's most insistent demands was for rights, not privilege showered by party decision, and Solidarity followers were clearly delighted with the outcome.

"It was better than we expected," a Warsaw Solidarity official said. Solidarity strategists described Mr. Walesa's opponent, Alfred Miodowicz, a Politburo member and head of the official trade unions, as clinched between conflicting wishes to defend government policy on the one hand and to project a collegial image as a fellow union leader on the other.

"Miodowicz got caught in a vice," the Solidarity official said. "He could not attack Walesa without sounding like a government stooge, since both are union leaders. At the same time, he couldn't support Walesa because they're on opposite sides of the fence. He was stuck in the middle."

About 70 percent of Poles, or about 20 million people, tuned in to the debate, according to figures released by state television's own polling center.

In Paris, the Polish foreign minister, Tadeusz Olechowski, was quoted as saying that the debate was a precursor to broader talks between Solidarity and the government. Such talks were announced with great fanfare in the summer, but many Poles had come to consider them as a stillborn project.

"We must wait for the next steps," Reuters quoted Mr. Olechowski as saying. "A roundtable will be set up in a few weeks."

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180 Stockholm Youths Arrested for Fighting

The Associated Press

STOCKHOLM — Police said Thursday they arrested 180 youths in Wednesday night street fights between ultrarightists and their opponents in central Stockholm. Sixteen policemen were hospitalized for injuries from smoke bombs.

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WORLD BRIEFS

India Orders 2 Pakistanis to Leave.

NEW DELHI (Reuters) — India ordered the top-ranking Pakistani military attaché in New Delhi and another embassy official to leave the country within 24 hours on Thursday after having accused them of involvement in espionage.

India's foreign minister, P. V. Narasimha Rao, said in Parliament that the military attaché, Brigadier Zahir Islam Abbas, had been declared persona non grata, one day after an official statement said he had been caught with a secret military document while meeting with an Indian national who was described as "an accomplice of the Pakistanis."

Mr. Rao said that the Pakistanis had been released after their diplomatic status had been established and that a case had been registered under the Official Secrets Act. Mr. Rao said the presence in India of the embassy official, Mohammed Ashraf Khan, was "no longer acceptable." The Indian contact, who is now under arrest, has not been named.

Thousands March in Madrid Protest

MADRID (AP) — Thousands of youths marched on Thursday in the first of a series of acts intended to challenge the economic policies of the Socialist government of Prime Minister Felipe Gonzalez.

Dozens of masked youths who did not appear to be part of the protest hurled rocks and bottles at the police, smashed traffic lights and overturned trash bins. The march, organized to protest the government's new Youth Employment Plan, was a prelude to a general strike called for Dec. 14 by the country's two major unions, the Socialist General Workers Union and the Workers Commissions.

The government says the plan, which would allow employers to pay a lower minimum wage to youths for their first year at work, would offer first-time job seekers a chance to enter the labor force. But the unions say it will take jobs away from older workers and cause all salaries to drop.

Honecker Resists Gorbachev's Shifts

BERLIN (Reuters) — The East German leader, Erich Honecker, underscored Thursday his resistance to economic and political changes advocated by the Soviet Union when he said that his country must continue on its present course if it was to avoid anarchy.

Speaking at a meeting of the Central Committee, the policy-making body of the Communist Party, Mr. Honecker said that East Germany had never believed that copying others was a substitute for independent thinking.

He said that those in the West "who used to call our policy too 'Russian' and always stressed we were Germans and should consider our own peculiarities, are now recommending we deviate from this course and instead march toward anarchy." The next party congress will be in May 1990, a year earlier than planned, he added.

Mafia Is Target of U.S.-Italy Sweep

PALERMO, Sicily (AP) — The police arrested Mafia members in cities throughout Italy on Thursday as a similar operation aimed at drug-trafficking rings took place in the United States.

The Italian news agency ANSA said authorities involved in the operation began arresting people during the night in Palermo, Bologna and Florence. The FBI director, William S. Sessions, said in a statement issued in Rome and Washington that drug charges had been filed against 75 persons in the United States and 133 in Italy.

He said the arrests were under way in nine Italian cities and in Baltimore, Buffalo, New York; Miami; Newark, New Jersey; New York; Philadelphia; San Francisco, and Rockford, Illinois. ANSA said the people named in the Italian arrest warrants were members of the Satola, Gambino and Inzerillo crime families in Italy and the United States.

Afghan Fighters Seize UN Supplies

KABUL, Afghanistan (Combined Dispatches) — The first United Nations relief convoy taking medical and agricultural supplies from Kabul to areas held by guerrilla forces has been hijacked by a rival guerrilla group.

The incident, which took place Saturday, ended Wednesday when a UN official and his Afghan aides were freed. All returned safely to Kabul on Thursday, according to a spokesman for the UN official in charge of humanitarian aid to Afghanistan, Prince Sadruddin Aga Khan. The spokesman quoted Prince Sadruddin as saying that the incident had occurred because of a misunderstanding about the convoy's route.

The guerrillas also released the trucks after seizing the supplies. The convoy of 18 trucks carrying wheat seed, fertilizer and medical supplies had been negotiated by the UN High Commissioner for Refugees and the United Nations Children's Fund. The supplies were destined for the Panjshir Valley, northeast of Kabul, the Afghan capital. (NYT, Reuters)

For the Record

Spain and the United States signed an eight-year military accord Thursday that reduces the number of American soldiers in Spain by a third but continues a U.S. military presence on Spanish soil. (UPI)

A Holocaust survivor threw acid in the face of the Israeli attorney for the convicted Nazi criminal John Demjanjuk on Thursday during the funeral of another member of the defense team, the police said. The attack on Yoram Sheitel occurred during the funeral of Dov Eitan, 53, who jumped to his death Thursday. Police ruled Mr. Eitan's death a suicide. (UPI)

The launching of the space shuttle Atlantis and five military astronauts on a secret satellite mission was postponed Thursday for 24 hours by bad weather at Cape Canaveral, Florida. (AP)

Three Mexican teenagers have been arrested in the sniper killing of a man rafting along the Rio Grande in West Texas, the Houston police said Thursday. A fourth suspect is being sought in the Nov. 19 shooting, in which Mike Heffley, 40, was slain and his wife and rafting guide were wounded. (Reuters)

TRAVEL UPDATE

Transit Unrest in Paris Gets Worse

PARIS (AFP) — French labor unrest heightened Thursday after Paris Metro workers threatened to join pay strikers and further cripple the capital's transport system.

More than 1.2 million suburban commuters have been forced to use special anxiety transportation, walk or join huge traffic jams over the past four days because of the closure of the suburban express railway.

Five unions representing Paris Metro workers called Thursday for renewable strikes of between 2 and 24 hours to back their pay claims and force the Paris transport authority to resume talks.

The Louvre museum is to reopen after a 10-day closure because of a strike by guards. An agreement was reached between the government and unions Thursday, the French Culture Ministry announced. (AFP)

Corrections

A chart that appeared Thursday with an article about military spending by NATO members misstated Luxembourg's defense budget. The correct amount, as reported by the International Institute of Strategic Studies, is \$84 million.

Because of an error by Reuters, a picture caption in some editions Thursday misidentified Marek Tomaszewicz, a television commentator, as Alfred Miodowicz, chief of Poland's official unions.

Japan Refers 19 for Charges In 1985 Crash of Boeing Jet

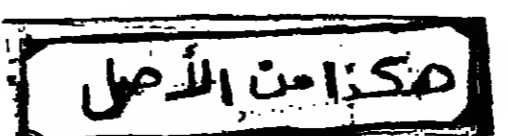
TOKYO — The police referred 19 persons, including 4 Boeing employees, to prosecutors Thursday for possible criminal charges over the crash in 1985 of a Japan Air Lines 747 that killed 520 persons.

The aircraft had accepted its tail during a landing in 1978 and the report accused Boeing, JAL and Transport Ministry officials of faulty repairs and inadequate inspection after that incident.

The 12 JAL employees included Yoshiro Matsuo, head of the technical division of the airline's maintenance headquarters at the time of the 1978 incident and now a director of the company and head of its technology research institute.

Boeing said Wednesday that it did not believe criminal acts had been committed and regretted that the police were referring the case to the prosecutor's office.

A government report said the pi-



هكزان الأجهل

WORLD BRIEFS

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AVEL UPDATE... in Paris Gets We...

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Headhunt For the Pentagon

Defense Executive Meets With Bush

By David Hoffman and George C. Wilson

WASHINGTON — President-elect George Bush has met privately with Norman R. Augustine...

Mr. Augustine was accompanied by Treasury Secretary Nicholas F. Brady...

One transition official said that the former chairman of the Senate Armed Services Committee...

Mr. Augustine, 53, is a former undersecretary of the army...

Friends of Mr. Augustine said Wednesday that he had told them...

Mr. Tower's contacts with the companies reported this week...

These within the Bush transition organization who oppose the appointment...

Mr. Augustine is widely known within the arms industry...

Officials at several universities in the United States and Canada...

A spokeswoman for Mitre confirmed Wednesday that one of its computers had been entered...

The military computer network, known as Milnet...

A spokesman at the Defense Communications Agency said that ties between Milnet and Arpanet...

There is a fair amount of grumbling going on...

The U.S. Embassy expressed concern to the Honduran government...

She wrote an article recently about human rights in Honduras...



POTENTIAL ADVERSARIES — Mr. Bush, right, talking with Senator George J. Mitchell outside the White House on Thursday...

Gorbachev in N.Y.: View of Miss Liberty

By Lou Cannon and Don Oberdorfer

WASHINGTON — President Ronald Reagan and President-elect George Bush will meet President Mikhail S. Gorbachev...

The White House spokesman, Martin Fitzwater, said Wednesday...

Mr. Gorbachev is to arrive at John F. Kennedy International Airport...

He will travel to Governor's Island on Wednesday immediately after making his first address...

to the United Nations, which made a tentative schedule available...

The next day, according to the schedule, Mr. Gorbachev will spend two hours touring the World Trade Center...

Soviet officials in Moscow said this week that Mr. Gorbachev wanted to visit the New York Stock Exchange...

Although no private meeting is scheduled between Mr. Bush and the Soviet leader...

The luncheon would take place at the same time as a session on Dec. 7...

ed to meet senior U.S. officials during his New York stay...

Mr. Fitzwater emphasized that the Reagan administration viewed the get-together chiefly as a windup session...

Although no private meeting is scheduled between Mr. Bush and the Soviet leader...

The luncheon, the only function at which Mr. Gorbachev is expected to meet senior U.S. officials...

Ever since Mr. Reagan accepted Mr. Gorbachev's proposal for the meeting...

Pentagon Unlinks Key Computers

By John Markoff

NEW YORK — The Pentagon has temporarily severed connections between a nonclassified military computer network...

Department of Defense officials said Wednesday that technical difficulties led to the move.

But several computer security experts said they had been told by Pentagon officials...

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Egypt Tries to Forge Direct Contacts Between U.S. and PLO

Compiled by Our Staff From Dispatches

CAIRO — Egypt is attempting to establish direct contacts between the United States and the Palestine Liberation Organization...

Mr. Shultz has been denounced for his decision not to grant a visa to Yasser Arafat...

Osama Bar, national security adviser to President Hosni Mubarak of Egypt, said Thursday...

We have not come into the specifics of fixing who will meet...

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official said, "Shultz's whole demeanor is of a person who has washed his hands of the situation."

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In the case of Mr. Arafat, he's the chairman," he said. "He must know about the activities of these people...

So he condones it. He is an accessory. And therefore we connect him with these acts."

He added: "I feel the negative reaction to the decision that I made on behalf of the United States...

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CASTRO IN MEXICO — President Fidel Castro of Cuba was greeted by a Foreign Ministry official as he arrived in Mexico City...

Man and Fire: A Million-Year-Old Find

By William K. Stevens

NEW YORK — Archaeologists in South Africa have found the first direct evidence of the earliest known use of fire by ancestors of modern man...

The discovery appears to confirm and expand a less conclusive find in Kenya in 1981...

The find in Kenya, which is of roughly the same age as the one in South Africa...

Once you master the technology of fire," Mr. Brain said in a telephone interview Wednesday...

The charred bones were found in a stratum that represents a relatively brief period of 100,000 years...

"Once they started making fires they did it repeatedly," Mr. Brain said.

Dr. John A.J. Gowlett of the University of Liverpool, who made the discovery in Kenya in 1981...

"We don't have absolute proof," he said, "and you don't get absolute proof from single sites."

Before Mr. Gowlett's discovery in 1981, the earliest strong evidence of the use of fire by hominids...

Theodore Morrison, Writer, Dies

The Associated Press

AMHERST, Massachusetts — Theodore Morrison, 87, a poet and novelist who taught creative writing at Harvard College...

Professor Morrison taught at Harvard from 1930 to 1973, and was director of the Bread Loaf Writers Conference...

He wrote four novels, published four books of poetry and also wrote "The Portable Chaucer," a modernization of the principal works of the Middle English poet.

Professor Morrison was born in Concord, New Hampshire, graduated from Lynn Classical High School...

He and his wife, Florence Kathleen, were close friends of the poet Robert Frost...

Johannes Steel, 80, Financial Columnist — NEWTOWN, Connecticut (AP) — Johannes Steel, 80, a syndicated financial columnist who made star-

ling but accurate predictions about World War II, died Wednesday.

Mr. Steel was born on the German-occupied Dutch border and studied in Germany. In late 1934, he came to the United States...

His predictions came true, and he began a 15-year employment with the paper.

Honduras Expels A Reporter of Washington Post

Washington Post Service

WASHINGTON — Julia Preston, a correspondent for The Washington Post, has been expelled from Honduras...

Honduran officials gave no explanation for the expulsion Wednesday. Ms. Preston was detained when she arrived Tuesday evening...

The U.S. Embassy expressed concern to the Honduran government that Ms. Preston had been denied access to the U.S. consul.

She wrote an article recently about human rights in Honduras. A New York Times correspondent was barred from Honduras last year...

Mr. Morrison was born in Concord, New Hampshire, graduated from Lynn Classical High School and from Harvard, magna cum laude, in 1923.

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Advertisement for International Herald Tribune, including subscription information and contact details.

Large advertisement for Marlboro cigarettes, featuring the iconic Marlboro man and the slogan 'The number one selling cigarette in the world.'

Small advertisement for Quimper Faience, featuring images of ceramic figurines and contact information.

INTERNATIONAL Herald Tribune

Bush Will Need a Surplus

As George Bush warily approaches his budget, his immediate concern is to shave down the U.S. deficit fast enough to get under the legal target for next year.

Inadequate savings are currently aggravated by the federal deficit, for the U.S. Treasury finances the growing national debt by scooping funds out of that flow of savings before it reaches the companies that are trying to expand and improve their plants.

Justice and U.S. Secrets

In his administration's dwindling days, President Reagan is pressed in two ways to spare Oliver North a trial on charges of conspiracy and cover-up in the Iran-contra affair.

Mr. North is not being persecuted. His prosecutor, appointed by a court because Attorney General Edwin Meese had a clear conflict of interest, is Lawrence Walsh, no zealous, ambitious district attorney but a distinguished Republican lawyer and former president of the American Bar Association.

The Pressure on Salinas

The honeymoon is already over for Carlos Salinas de Gortari, who took office Thursday as president of Mexico. Per capita income is shrinking. The ruling party's grip has been shaken.

governor; now its claims of victory are meeting increasing challenge. After July's presidential election, the PRI claimed the harshest majorities for Mr. Salinas over two challengers; opposition strength in the new Congress rose to an all-time high, and even the election results are said to overstate the PRI's support.

Advice to Bush: Set the Rules for Détente II

By Hugh De Santis and Robert A. Manning

MEMO TO: President-elect Bush SUBJECT: Dec. 7 meeting with Gorbachev Mr. Bush, This is your big chance to begin putting your imprimatur on U.S.-Soviet relations and recapture the initiative from Gorbachev.

All of Gorbachev's reforms are precisely what America's containment policy set out to induce 40 years ago. Ideologically, we have won the Cold War. Your administration has a unique opportunity to win it in the security and political realms, too, shaping the world of the 1990s in the process.

Gorbachev. But to exercise leadership you must aggressively test Soviet intentions. Call Gorbachev's bluff. He talks about "reasonable sufficiency" in defense. If he's serious, he should agree to major reductions in conventional arms: Why not propose a tank-free Europe?

A Soviet Angle Makes the Arafat Fiasco More Serious

By Judith Kipper

NEW YORK — The outcry surrounding the decision to deny a visa to Yasser Arafat, which he sought in order to address the United Nations, blurs the real issues at stake for the United States.

in recent months to persuade Palestinian hardliners not only that the time is right for a negotiated solution but that recognition of Israel and willingness to negotiate on the basis of Security Council Resolutions 242 and 338 are the prerequisites.

and territorial claims may be ripe for resolution. President-elect George Bush is wise to stay out of the current fray, though events in the region and an active Soviet policy surely will confront the new administration quickly.

For Bush, a Good Start, But One Question Mark

By David S. Broder

WASHINGTON — George Bush is off to a good start on building his administration. The manner of his choosing, as much as the men he has chosen, suggests that his long apprenticeship has given him the confidence and competence to take over and run the executive branch.

least as competent, James Baker, as secretary of state, is a newcomer to formal diplomacy. But he studied with world leaders for eight years as White House chief of staff and Treasury secretary. He is a superb negotiator.

Washington experience has hampered others in filling the role, but it need not be crippling. Another New Hampshire governor, Sherman Adams, functioned well as chief of staff for President Eisenhower, a man, like Mr. Bush, with his own intimate knowledge of Washington's ways.

Can Bhutto Bring Pakistan Together?

By Shireen T. Hunter

WASHINGTON — For a country that has labored under military rule for most of its history, Pakistan's recent election represented a remarkable achievement. Remarkable, too, was the behavior of the country's military leaders, who played democracy by the book and did not try to manipulate the elections.

father, the late Prime Minister Zulfikar Ali Bhutto, but she spent most of her formative years abroad. Indira Gandhi shared in Nehru's nationalistic and anti-colonial efforts and made her own contribution during India's independence struggle.

ing, going to Vera Cruz. The city was scoured in search of him, and after the afternoon he was located in Mexico City. It was reported that General Huerta did actually leave the city, going to one of his farms, but returned quietly later in the day.

Perestroika: A Real Test By the Balts

By William Pfaff

PARIS — Mikhail Gorbachev is justified in arguing, as he has, that the problems that perestroika has released in the Soviet Union would, in any case, have had to be faced. The ethnic hostility between Armenians and those the Armenians bitterly call "Turks" — the Azerbaidjani, and the ethnic tensions of the Baltic nations, were already waiting for an occasion to explode.

These are serious questions that bear on the survival of the Communist system. The centrifugal forces now tearing at the central authority of the Soviet state can also provoke (indeed, have done so) the forces of Russian nationalism. The Soviet Union, after all, is an imperial agglomeration with the Russians at the center.

Moscow's A

By Patrick L. Smith

MOSCOW — With a flurry of official announcements this month, Mikhail S. Gorbachev has begun a new and probably more productive phase of his two-year-old effort to address the Soviet Union as a Pacific nation, diplomats and policy analysts say.

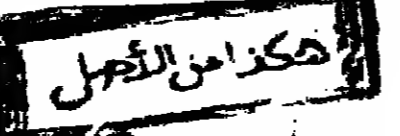
100, 75 AND 50 YEARS AGO

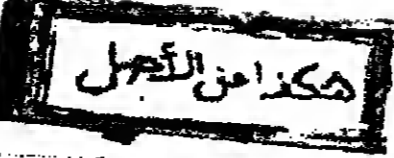
1888: Homage to Baudin PARIS — Will Paris be up to her old revolutionary pranks today (Dec. 2)? Jean-Baptiste Baudin was only an obscure doctor, but his name has a spice of magnetism in it. His theatrical death strikes the French mind.

1913: Hubhub in Mexico

MEXICO CITY — Considerable sensation was created here today (Dec. 1) by the report that General Huerta fled from the city at four o'clock this morn-

Why Punish... The outcome of the... National Council session... produced signs that there are... who are trying to move the... in a constructive way. This is an... and should continue... from the U.S. State... explaining Secretary... decision to... U.S. Genera... New York... does an official document... convincing self-reflection... to punish... worked at the A... to move the PLO... the PLO... want no compro... who argue that... will get nowhere... the Palestine Liberation... for the first time UN... on the basis of UN... which called on Israel... occupied territory in... Mr. Arafat did, and... could have done it... the United States would have... to go even that far... make a... significant... the way the Palestin... change in the way... PNC has always oper... on the basis of consensus. The... wings virtually a vested... was announced. 253 fo... 46,000... system... further movement easier... the State... Mr. Arafat... supported acts of... mentioned the 198... the cause of Achille... and the murder of a disab... passenger, Leon Kling... one of the most horrifying ac... in recent years... Mr. Arafat's assoc... in the killing of a mem... of the PLO executive committee... the Algerian meeting... the presence of Mr. Klingh... Mr. Arafat's assoc... in the meeting was "th... with terrorism."... indeed an effort... of Abbas. But did the meeting... him or his views...





OPINION

Why Punish the Palestinian Moderates?

By Anthony Lewis

BOSTON — The outcome of the Palestinian National Council session in Algiers produced signs that there are Palestinians who are trying to move the PLO in a constructive way. That is encouraging and should continue.

To the contrary, he was one of the extremists who were overwhelmingly outvoted. He ended up isolated and rejected. PLO policy does still allow, inside Israel, what it calls military action and Washington calls terrorism.

is to lead the Palestinian movement, and no one can doubt that most Palestinians want Mr. Arafat. The folly of the decision was made evident by the reaction of Washington's closest allies.



Awesomely, They Lost

By Trip Strauss

TOKYO — Several Saturdays ago I watched a few innings of the annual U.S.-Japanese baseball competition on television. The Japanese were winning — were, in fact, having their best series ever against the Americans.

MEANWHILE

the broadcast. All the announcers could talk about was the overblowing superiority of the visiting athletes — their size, agility and power. In Japan they succinctly call it *gajin power*.

I left my apartment and got into a cab whose driver was, predictably, listening to the game. He was an old man, about 70. What remained of his hair was cropped close to his head.

As it turned out, the man had worked in an aircraft factory during the war. Afterward, he explained with a widening smile, there were no jobs, but the Americans had taught him to drive — his livelihood to this day.

Like many Japanese of his generation, the old man had a touching and deep respect for America. While many young Japanese are eager to assume their own world role, their grandparents appear more comfortable with the old one.

Before I got out of the cab the old man asked me how to say "come from behind" in English. Then he told me not to worry: When I read the next day's paper, he predicted, I would learn the Americans had won after all.

I could not help but note the irony in Sunday's newspaper. Not only had the United States lost the game, but the dollar had sunk to a 10-month low against the yen.

The writer works for an American investment bank in Tokyo. He contributed this to the International Herald Tribune.

Everyone knows who led the PLO in that direction. Mr. Arafat did, and no one else could have done it.

The Algiers resolution was not as clear as the United States would have liked. But to go even that far Mr. Arafat had to make a highly significant change in the way the Palestine National Council works.

Until now the PNC has always operated on the basis of consensus. That gave extremists virtually a veto power. In Algiers the delegates voted, and the vote was announced: 253 for the resolution, 46 against.

So it is now a majority-rule system, which will make further movement easier. Mr. Shultz denied the visa, the State Department said, because Mr. Arafat has condoned and supported acts of terrorism against Americans.

As an example it mentioned the 1985 hijacking of the cruise ship Achille Lauro and the murder of a disabled American passenger, Leon Klinghoffer, one of the most horrifying acts of terrorism in recent years.

Mohammed Abbas, who was convicted in Italy in the killing, is a member of the PLO executive committee. He was at the Algiers meeting and made mocking remarks to the press about the murder of Mr. Klinghoffer.

The State Department said Mr. Abbas's presence at the meeting was "the most recent sign of Mr. Arafat's association with terrorism."

Mohammed Abbas is indeed an embodiment of evil. But did the meeting in Algiers embrace him or his views?

In Yugoslavia, Ethnic Unrest and Dangerous Propaganda

Regarding the news analysis "Beyond Yugoslav Crisis, a Leadership Vacuum" (Oct. 12) by Henry Kamm:

The article says that "a principal cause of the leadership vacuum is the 1974 constitution," under which "each republic and province is administered by a collective presidency, whose chairmanship rotates yearly."

And it adds, "Similar institutions work at the national level, limiting the ability to make decisions and carry them out. The result, since Marshal Tito's death, has been a sharp downhill slide."

I was quite surprised by this analysis. I remember when The New York Times — following Milovan Djilas's assessment — considered Marshal Tito as a quasi-dictator. Now Mr. Kamm condemns the constitution, though it is copied on that of Switzerland, which works well.

Last September, I traveled extensively across all six republics and two provinces of Yugoslavia, and I think the problems lie deeper.

South Slavia, Mr. Tito's new Yugoslavia, is based on the Serbo-Croatian hegemony, which allows other important Slavic languages such as Slovenian and Macedonian to be official languages. However, other important non-Slavic languages, such as Albanian in Kosovo and Hungarian in Vojvodina — two provinces of the Serbian Republic — are not recognized on a federal level as official languages, though there are more Albanians than Slovenians and Macedonians in Yugoslavia.

propaganda, or should other nations. The continuation of such hostile and mendacious propaganda could poison the presently very good relations between Greece and Yugoslavia, and destabilize the Balkans.

Finally, on the economic side, a socialist-communist system cannot be integrated — by floating exchange rates, export-oriented policy and so forth — into the capitalistic economic system of the rest of the world.

An issue that may develop into a potential source of conflict and instability in the Balkans is the hostile propaganda of the Yugoslav republic of Macedonia and its grounds claim that the northern Greek province of Macedonia, including the city of Salonika, are out part of Greece.

The authorities in Tehran also enter negotiations with Iraq from a position of political weakness. Their credibility has been badly shaken and their moves on the war no longer attract the large measure of public support they once did.

All of this might tempt some Arab countries and Iraq to dictate peace terms that are not justified, but this would only sow the seeds of future conflicts that could engulf the entire region.

The ultimate objective of Skopje's propaganda is the creation of a Macedonian state, made up of parts of Greek, Bulgarian and Yugoslav territories (with the latter being the senior partner of the coalition).

LETTERS TO THE EDITOR

and cooperation in the region, exists in the 1975 accord signed by Iran and Iraq and ratified by the legislative authorities of both countries.

Iran's friends should make sure that the Geneva negotiations take place in an atmosphere of respect for international law and for the bilateral accords which already exist between Iran and Iraq.

As Iran enters talks to end the war with Iraq, the Iranian government does not possess all the diplomatic and juridical skills required for handling complex peace negotiations.

Now that the Iran-Iraq war seems to be coming to a close, the childish bickering between the two nations has started. The advertisement by the press office of the Iraqi Embassy in London is a frail attempt to save face by Iraq.

Regarding the report about the Kremlin inviting Estonian leaders to meet with the Presidium (Nov. 18), in May

1945, the then commander of the Polish Home Army fighting the Germans, General Okulicki, and 15 other Polish leaders were invited by the Soviet authorities to Moscow for talks.

They were promptly put on trial for all things "collaborating with the Nazis," and received prison sentences of up to 10 years. I will keep a sharp lookout for your report that the Estonian leaders have returned home.

The photograph of a mounted police officer consoling his horse, Fritz, which had fallen into a hole on a Boston street (American Topics, Nov. 2) is full of shared emotions and bonds between animals and man that rarely are so well documented.

The editorial cartoon by Sack (Nov. 25), showing a cow and a pig seated at a negotiating table, belittles the tremendous victory accomplished by animal rights activists with the adoption of the farm animals bill of rights in Sweden.

Regarding the report about the Kremlin inviting Estonian leaders to meet with the Presidium (Nov. 18), in May

GENERAL NEWS

Moscow's Asia Offensive: New Phase in Bid for Greater Role

By Patrick L. Smith

TOKYO — With a flurry of official contacts this month, Mikhail S. Gorbachev has begun a new and potentially more productive phase in his two-year-old effort to advance the Soviet Union as a Pacific power, diplomats and policy analysts say.

Mr. Gorbachev and the Soviet foreign minister, Eduard A. Shevardnadze, have embarked on a diplomatic offensive intended to maintain Moscow's alliances in the region while capitalizing on recent progress in overcoming ideological and political differences with traditional adversaries in Asia.

One focal point of Mr. Gorbachev's new Asian course of action is the current visit of the Chinese foreign minister, Qian Qichen, to Moscow. It is the first meeting the two nations have had at cabinet level in three decades.

But analysts say Mr. Shevardnadze's scheduled trip to Tokyo later in December will be of equal importance to the success of Moscow's Pacific strategy.

Soviet specialists say they view these undertakings as part of a worldwide effort by Moscow to reduce its external liabilities while eliciting foreign assistance for the reconstruction of the Soviet economy. These related goals have emerged in recent months as Mr. Gorbachev's highest priorities.

In seeking solutions to the conflicts in Afghanistan and Cambodia, for instance, Moscow's Asian offensive parallels efforts to disentangle itself from southern Africa. And much as he has done in Western Europe, Mr. Gorbachev is also trying to engage Washington's East Asian allies in support of perestroika, or economic restructuring, at home.

In part, Mr. Gorbachev is trying to add substance to a policy that has been conspicuously lacking in results since it was enunciated at the Soviet Far Eastern port of Vladivostok in mid-1986 and repeated in the Siberian city of Krasnoyarsk three months ago. But the timing of this round of contacts is also likely to add momentum to Mr. Gorbachev's foreign policy as President-elect George Bush assumes office in January.

In effect, the Soviet leader will be forcing Mr. Bush, who also faces substantial difficulties on the domestic front, to concentrate simultaneously on challenges across both the Atlantic and the Pacific. More specifically, analysts say, improved ties between China and the Soviet Union are likely to reduce U.S. maneuverability in its relations with the two powers.

"Normalization of Chinese-Soviet ties is a natural reflection of an increasing multipolarity in international politics," said Hugh De Santis, a former State Department policy analyst and now a Washington consultant.

"The United States can no longer make assumptions about its relationship with China based on a common antipathy," he said. "But that's not a bad price if it means a significant reduction in regional tensions."

One measure of the importance Mr. Gorbachev has attached to Mr. Qian's visit to Moscow this week, diplomats said, was the Soviet leader's trip to India in November. In personally reassuring New Delhi of its friendship with Moscow, Mr. Gorbachev clearly signaled that he expected a significant advance in

the long Soviet effort to ease tensions between the two Communist giants.

Mr. Qian's talks with Soviet officials, which started Thursday, are expected to consolidate progress between China and the Soviet Union that has taken place slowly but steadily at lower levels in the last six years. Significantly, the talks will bring to an open political level an evolution in relations that Beijing has at times sought to deny to maximize the benefits of its ties with Washington.

Mr. Qian will also serve to enhance Mr. Gorbachev's prestige — and Beijing apparently intends the visit to do so — in the Soviet leader's continuing battle with conservative elements in the Soviet Union. More broadly, a successful conclusion to the three-day talks on

Saturday is widely viewed in Asia as the key to Moscow's progress elsewhere in the region.

Most immediately at issue is whether the two sides can advance toward an accommodation providing for a Vietnamese withdrawal from Cambodia. But by putting ties with Beijing on a firmer footing, Moscow will also increase the flexibility with which it can approach Japan, with whom relations have been frozen for three decades.

Just as Mr. Qian's trip to Moscow is seen partly as a prelude to a Chinese-Soviet summit meeting next year, Mr. Shevardnadze's talks in Japan are partly intended to lay the groundwork for an official meeting in Tokyo between Mr. Gorbachev and Prime Minister Noboru Takeshita.

This is a new Soviet initiative with regard to sovereignty over four small islands in the Kuriles chain, the two largest of which were transferred from Japan to the Soviets in the Potsdam Declaration at the end of World War II. Japan has refused to allow political and economic links with the Soviet Union to advance until the dispute is resolved.

Japanese officials are also encouraged by the apparent removal recently of Ivan I. Kovalenko as head of the Soviet Communist Party's policy toward Japan. Japanese analysts uniformly assert that Mr. Kovalenko, who directed a Siberian prisoner-of-war camp during World War II, has urged a hard line toward Tokyo since he took charge of Japan policy in the postwar era.

Optimism in Japan has been tempered in recent days, however, partly by what appears to be a hardening in Moscow's most recent statements on the territorial issue and partly by disturbances in Soviet-controlled Estonia. Because Soviet control in the Baltic republics was also confirmed in the Potsdam Declaration, Estonian demands for sovereignty could make Moscow reluctant to alter other provisions of the agreement.

No one appears to be anticipating overnight advances on any of the issues now confronting Mr. Gorbachev.

One measure of progress, however, will be whether a specific schedule is announced in Moscow for a summit meeting between Mr. Gorbachev and Deng Xiaoping, China's paramount leader.

For the moment, at least, Moscow appears to be concentrating on extending economic contacts while diplomatic and political issues are pending. In the last few weeks, Soviet officials have announced new agreements with Japanese companies to build an auto plant that would be the largest joint venture between the two nations and a \$6 billion petrochemical complex that was previously expected to be built by the Occidental Petroleum Corp.

Moscow is also expected to designate a site on the Soviet Pacific coast in the near future as a "special economic zone." Plans for the first such zone, on the Soviet border with Finland, were announced in November.

In the longer term, diplomats and other analysts say, both of Moscow's principal allies in the region — Vietnam and North Korea — are likely to seek better ties with the West and accommodate neighbors in the region. Vietnam has already signaled its willingness to do so.

North Korea is seen as likely to advance in the same direction once a successor to Kim Il Sung, 76, consolidates control. In recent months, Mr. Gorbachev and Mr. Deng have both succeeded in drawing closer to South Korea without visibly upsetting their delicately balanced ties with North Korea.

And Hanoi Wonders About Soviet Plans

By Michael Richardson

HANOI — The high-level Soviet-Chinese talks that began Thursday in Moscow will test the strength of Vietnam's longstanding alliance with Moscow, Western diplomats here say.

The talks between the Chinese foreign minister, Qian Qichen, and his Soviet foreign minister, Eduard A. Shevardnadze, have been preceded by an intense struggle between Vietnam and China to influence Soviet policy on Cambodia.

"China wants to divide the Soviet Union and Vietnam," Tran Kien, deputy editor in chief of Nhan Dan, the newspaper of the Vietnamese Communist Party, said in an interview on Monday.

Beijing is urging Moscow to press Vietnam to pull all of its soldiers out of Cambodia by mid-1989. China says Soviet action on this issue is the key to Chinese agreement for holding a Chinese-Soviet summit meeting that would mark an end to the long split between Moscow and Beijing.

The outcome of maneuvering by China and Vietnam to influence Soviet policy on Cambodia, diplomats said, will have a major effect on the Cambodian conflict because Soviet military and economic aid to Vietnam enables the Vietnamese forces to remain in control of Cambodia.

East Asian Nations and many other non-Communist nations in Asia and the Pacific, results of Soviet efforts in the last two years to play a wider economic and political role in the region have been limited.

After the start of Soviet troop withdrawals in Afghanistan and along the border with China, Beijing says that Vietnam's military occupation of Cambodia since 1978 is the only remaining obstacle to restoration of full political links between China and the Soviet Union.

To demonstrate that Vietnam is not responsible for the blockade in Chinese-Soviet relations, the Vietnamese foreign minister, Nguyen Co Thach, recently offered to start negotiations with China on a timetable for complete withdrawal of Vietnam's troops from Cambodia.

Hanoi had earlier promised to withdraw its forces by early 1990 if there was a settlement that included cessation of Chinese military aid to the Khmer Rouge, the strongest of three guerrilla groups fighting the Vietnamese in Cambodia.

But in Beijing last week, the Chinese defense minister, Qin Jiwei, told a military delegation from Thailand that China would not normalize relations with Vietnam until Hanoi withdrew all its soldiers to allow the Cambodian conflict to be solved through negotiations.

Mr. Thach said Beijing was "not yet ready" to negotiate with Hanoi about Cambodia. He said Monday that the Soviet Union should ask China to agree to open a dialogue with Vietnam.

Chinese pressure might induce the Soviet Union to accept a settlement in Cambodia that would damage the national security interests of Vietnam and the Vietnamese-backed government in Cambodia.

"Vietnam wants to keep negotiations on political and military terms for a Cambodian settlement in the hands of countries in Southeast Asia, not allow outside powers to impose a solution," a diplomat said.

He said Vietnam remembered what happened in the 1954 Geneva conference when territorial concessions were extracted from Hanoi by China and the Soviet Union in deciding where to place a provisional line of partition between North and South Vietnam.

Evidently in a reference to these concerns, Mr. Thach said Vietnam did not want Cambodia to "become a pawn in the Chinese game in its relations with the Soviet Union."

U.S. officials estimate that Soviet economic and military aid to Vietnam is worth about \$3 billion a year.

Mr. Nien, who is a specialist in international affairs at the Vietnamese party newspaper, described Soviet support for Vietnam as constant and said he did not think the Cambodian conflict would be "allowed to determine relations between China and the Soviet Union."

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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

17 Month High Low Stock table with columns for High, Low, Stock, Chg.

Stocks Fall in Cautious Trading

NEW YORK — Stock prices closed lower Thursday on the New York Stock Exchange in slow, cautious trading, as investors awaited the scheduled release of November unemployment data on Friday.

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17 Month High Low Stock table with columns for High, Low, Stock, Chg.

PRO MONITORS FROM PHILIPS advertisement with image of a monitor and text: The clear advantage PHILIPS

17 Month High Low Stock table with columns for High, Low, Stock, Chg.

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TRAVELER CHOICE advertisement with text: Imperial Compiègne, Madrid Market Restaurant, Diamond Museum, The Slope

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TRAVEL

- French Taste in the '80s
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David Madison/Race Columns

Northeastern California's high desert country contains classic symbols of American individualism: wide-open spaces, cowboys and the bald eagles. It is best explored in the winter, when it looks like a blow-up of a pointillist's canvas.

TRAVELER'S CHOICE

Imperial Compiègne

■ Closed as war threatened in 1938, 10 rooms in the Château de Compiègne, north of Paris, have been re-opened and restored to First Empire style. Included are rooms Napoleon ordered to be the château's "most sumptuously decorated," designed for the king of Rome, Napoleon's son. The château, which houses collections of Louis XVI and First Empire decorative art, was renovated under Napoleon beginning in 1807. The 10 newly opened rooms at the Musée National du Château de Compiègne form two suites and include rooms meant for visiting royalty. Many of the original furnishings had been dispersed and were re-acquired and where necessary restored by specialist craftsmen. Guided visits are in both French and English.

Eating Guide to Hong Kong

■ Visitors to Hong Kong can get guidance in choosing a place to eat from a new service called Restaurant Switchboard. Opened last summer and based on a similar service in London, Restaurant Switchboard offers details, in several languages, from 9 A.M. to 5 P.M. seven days a week on 10,000 places to eat in Hong Kong, according to the service. The company also organizes two restaurant tours: one to the fishing village of Sai Kung aboard a Chinese sailing junk, and the other to Bentley's Restaurant for British-style seafood. Restaurant Switchboard (Hong Kong) Ltd., tel: 5-810-8011.

Madrid Market Restored

■ Madrid's renovated Central Fish Market on the western edge of Old Madrid has reopened as the Mercado Puerta de Toledo, a collection of 150 shops and galleries where visitors may see handicrafts, fashion, art, antiques, jewelry and interior design. The complex contains a restaurant that is also a food market, as well as cafés and tapas bars. The mercado will be the site of concerts, recitals, fashion shows, antique auctions and art shows.

Diamond Museum

■ Antwerp's new diamond museum, in the heart of the city's diamond district, is nearly double the size of its predecessor. Displays illustrate how diamonds are geologically formed, mined and finally transformed in the workshop. The history of Antwerp as a diamond center and a treasury room of finished jewels round out the visit. Temporary exhibitions are also planned for the museum, situated at 31-33 Lange Herentalestraat.

Where to Savor Soaring Eagles In California

by Cheryl Aimée Barron

ON a visit to a Modoc Indian battle site in northeastern California late last February, an unseasonably warm day on which the snow had melted, the air was thick with the pungent scent of sagebrush.

California's northeast — encompassing the sparsely populated counties of Modoc, Lassen and Siskiyou — is, especially culturally, a place apart. Its stark terrain and fierce, six-month winters seem to encourage in its inhabitants, beginning with the Modoc Indians, a steely individualism and more than a streak of psychological isolationism. One of the Modoc legends, Thunder and Eagle Boy, tells of Yabyahaas (Thunder), continually challenging the five Blaiwas (Eagle) brothers and their people to do battle with him. Eventually the Blaiwas grew weary of fighting him, and their leader, a little boy, tells them: "It is hard work to live in this world; we will be birds and live in the air and they all became eagles in that moment."

The legend seems more appropriate today, when the Modocs lived there, there was no special connection between the eagles and the northeast corner of the state. In recent years, the population density of just two per square mile has contributed to making it one of the few places that remain ideal habitats for bald eagles. More of the birds now winter in the area than anywhere outside Alaska.

The high desert country contains classic symbols of American individualism: wide-open spaces, cowboys and the bald eagles. It is best explored in the winter, when it is closest to its essential self and looks like a blow-up of a pointillist's canvas.

Constantly shifting giant skyscrapers form the backdrop for the most exciting local form of theater: soaring, diving, gliding bald eagles, which sometimes skim by close enough for the magnificence of their seven-foot (two-meter) wingspans to be savored with the naked eye.

The closest major airport and passenger railroad stations are a long way off; the junctions with the freeway system are few. Accommodations are basic. Visitors are tolerated, not pandered to. The area is a place for connoisseurs of the authentic — and of individuality.

The importance of freedom to the Modocs, for instance, may have predestined them for war. The site of that drama — on the south shore of Tule Lake, where deep trenches and caves formed by ancient lava flows served the Indians as fortifications — is intensely evocative. A visit to the Lava Beds National Monument, of which the site is part, can be combined in the same day with a morning of eagle-watching at

Continued on page 8

The Slopes and Sights of Sarajevo

by Clifford D. May

SO you say you've skied Vail so often the "mountain hostesses" don't even bother to wish you a nice day anymore? And you've been to Aspen so many times you've lost your appetite for duck fajitas with gooseberry-jalapeno sauce? You get no kick from Chamomix and you're embarrassed when at St. Moritz they look disdainfully at your dollars and ask: "How much is this worth in real money?"

Does all this mean there's nowhere in the world left to ski? Not at all: remember Bosnia and Herzegovina, one of Yugoslavia's six republics where its capital, Sarajevo, was host city to the 1984 Winter Olympics.

Ever since then, the Yugoslav government has been hoping that Sarajevo's mountain resorts would catch fire as an international skiers' destination. I decided to give Balkan skiing a shot. I also wanted to try combining a sports vacation with a visit to an unusual destination. Skiing down a Yugoslav mountain alongside ordinary Yugoslavs sounded like a good way to gather impressions about a country and a people.

And Bosnia and Herzegovina as well as Sarajevo, remote as they may seem, are places worth getting to know. Yugoslavia balances precariously on the ideological fence separating communism and capitalism. Bosnia and Herzegovina, for 400 years an outpost of the Ottoman Empire, also straddles the cultural frontier between the Orient and the Occident.

Once at Sarajevo, we were led to a couple

of minivans bound for one of the two main ski centers: Jahorina, where the women's Olympic Alpine events had been held, and Bjelasnica, where the men's races took place.

Mount Bjelasnica is the bigger of Sarajevo's two major mountains. Its vertical drop — the height from its summit straight down to the base — is a respectable 2,647 feet (806 meters), about as tall as Taos in New Mexi-

Skiing in Yugoslavia sounded like a good way to gather impressions about a country and a people

co. Mount Jahorina's vertical drop is about 1,800 feet, roughly equivalent to Mount Snow, Vermont.

IT'S a good idea to stay at one of the hotels at Jahorina rather than at Bjelasnica for two reasons: First, the hotels at Jahorina are within easy walking distance of the ski lifts while at Bjelasnica's best hotel, the Igman, skiers must depend on free shuttle buses that don't come frequently enough and are too often overcrowded. And second, it is much easier to take a minibus (fare about \$10) or rental car to the taller and more challenging Mount Bjelasnica, when the weather is nice, than it is to get to Jahorina when the weather is stormy. When

it isn't snowing, the two mountains are less than an hour apart on scenic, windy roads.

The only road connecting Bjelasnica and Jahorina forks out from Sarajevo which sprawls along the narrow Miljacka Valley below. We drove through the industrial outskirts — past prefabricated blocks of apartments. Then came a hilly countryside with stone farmhouses surrounded by cultivated fields. There wasn't much snow but the heavy clouds held promise.

Dawn broke the next morning to reveal waving curtains of snow. Winds close to 60 miles an hour (close to 100 kilometers an hour) were whipping through the mountains and we learned that the lifts were to be closed for the day. Probably the best time to ski Yugoslavia is in late March or April when the probability of winter storms is lowest and the chance of sunshine highest. Though disappointed, I tried to be philosophical: Sightsee today, I told myself, ski fresh powder tomorrow. A group of Americans and Canadians shuffled to Sarajevo.

In the city there were broad boulevards with yellow-and-red electric trolleys. There were kafanas, crowded cafés reminiscent of Vienna. And in the old quarter slender minarets and elaborate mosques dominated the skyline and narrow, cobbled streets twisted into dense warrens.

Sarajevo has been inhabited since at least 2,400 B.C. The ruins of Roman baths have been found. Slavic tribes settled in around the sixth century, and in the 15th century

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Beverwijk's Oriental Market draws crowds of Dutch on Sundays.

Bert Zylm

Bringing the Orient to Holland

by Ronald van de Krol

BEVERWIJK, Netherlands — Sunday is one of the few times that it literally pays to be a "guest worker" in the Netherlands. On a day when Dutch shopkeepers are forced by law to shut their doors, the country's Turkish, Moroccan and other Moslem residents do a roaring business at the Oosterse Markt, or Oriental Market, in Beverwijk, serving up the wares and delicacies of their native lands to their countrymen and drawing curious Dutch by the carload.

The market is built around a central food and restaurant hall, where smoke from shish kebab mingles with the aroma of freshly ground pepper and cloves at Turkish grocery

stalls around the corner. Nearby, Turkish barbers shave and snip their customers, while the adjacent newspaper kiosk does a brisk trade in the latest papers and magazines from "home."

The rest of the market is devoted to a jumble of goods, ranging from the latest Turkish and Arabic videotapes to carpets and brightly colored caftans. More prosaic items are on sale too: suspiciously cheap "Chanel" perfume, kettles, pots and pans, artificial flowers, shoes and — most abundant of all — leather coats.

Every few hours, the hubbub of the market is interrupted by a call to prayer over the loudspeakers, prompting tradesmen to leave their shops in the hands of assistants and make their way to the mosque, situated directly overhead, where an imam is present all

day to lead the prayers and provide religious instruction for the children.

The market's setting — a cavernous warehouse tucked away between an industrial park and a long strip of furniture stores near the North Sea — may seem an unlikely spot for exploring the mysteries of the Orient. But this oasis of Islamic commercial activity in the heart of a shattered, Calvinistic Dutch Sunday is a perfect location for observing the oew Holland of ethnic minorities and exotic cuisines. Halfway between Amsterdam and the cheese market town of Alkmaar, the Beverwijk market — which claims to be unique in Europe by virtue of its size and level of organization — says as much

Continued on page 9

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TRAVEL

Shoe Safari to Florence

by Frances Mayes

WHEN Mussolini, disguised as a German soldier, tried to flee Italy at the end of World War II, partisans near Dongo spotted him among German troops retreating through northern Italy. What blew his disguise was his shoes. Instead of scuffed and sturdy shoes like the rest of the soldiers, he had on highly polished, elegant boots. It never occurred to him not to wear them.

The Italians have a fixation on shoes. In the folk tales, isn't the father always a simple shoemaker? Doesn't the hero don "shoes of swiftness"? In Renaissance paintings, the angels and apostles often are shod beautifully in red boots or intricate sandals.

During a garbage strike in Florence last summer, I noticed, as I stepped around the mounds spilling out of bins, how many shoes are tossed away. One day I saw several pairs of ballet shoes, pink satin with ribbons hardly touched. I imagine the Italian ballerina is more particular about her shoes than Mussolini, or even angels.

The fixation is contagious. A prime memory of the first time I went to Italy 20 years ago remains the smell of leather emanating from the shoe stores, an imprint like Proust's madeleine. I had little extra money while traveling, but I did buy one pair of shoes — two shades of brown leather with stacked heels. They cost \$18. I wore those shoes for five years; then they lived in the back of my closet for many more.

Florence is the great window-shopping city. Shop owners know tourists are shy about the language. They display almost every pair of shoes they have in the window so it's easy to look, point, say the size. The first Italian I learned was the shoe stores, an imprint like Proust's madeleine. I had little extra money while traveling, but I did buy one pair of shoes — two shades of brown leather with stacked heels. They cost \$18. I wore those shoes for five years; then they lived in the back of my closet for many more.

High-heeled leather pumps with patent toes at Ferragamo cost about \$225. At Gucci, beige and white high-heeled spectators are considerably less, and there are usually good buys in loafers and oxford shoes. The regular stock is expensive, of course, but still about 30 percent less than American prices.

Also on Tornabuoni is Tanno Crisci. Like Ottino, this is a refined store with traditional high standards. Their shoes have timeless style. Most are in the rich natural I associate with equestrian leathers.

NEARBY is Ditta Mauro Volponi. For the last couple of years, the Italians have been wild for il coccoirillo. You'll pay \$500 and up for crocodile loafers and more for a briefcase. (Incidentally, crocodile products in Italy are certified as being from non-endangered creatures.) With their somewhat sensible look, Ditta Mauro Volponi's fashionable Maud Frizon shoes look like truffles amid the mushrooms. This shop is a bastion of English men's wing tips and there is even a somewhat elegant shoe repair shop in the back, a reminder that the store guarantees all of its shoes to the point of repairing anything that might go wrong.

Polini, on Via Calimala, displays a window full of chic shoes, definitely up to the season, but not self-consciously trendy. Polini shoes, like most high quality shoes in Florence, are spectacularly comfortable, even the first moment they're tried on. (Never trust an assistant who says shoes will stretch — if they have to stretch, they'll do so at the expense of your toes. And I'd never stretch a good shoe on a machine.) Polini's prices are a shade below the shops mentioned above and the quality is comparable.



A window display of Ferragamo boots in Florence.

The cheapest shoes in Florence must be at Ensebio. Everything is around \$20 and most of their shoes are awful. However, last summer I found surprisingly good copies of famous designers' shoes in three styles. They're excellent quality, virtually indistinguishable from their richer twins.

Always check to see if the shoes are all leather, no internal use of other materials. I've had the best luck at Pescarolo and at Fiorenza, just down the street. At Pescarolo, the shoes are under \$75. I bought a handsome pair of brown calf heels for \$45, and at Fiorenza, a pair of black faulle and leather evening shoes for just slightly more. I also like Querchioni for snake and leather casual shoes at quite good prices.

FRANCE MAYES, the author of "The Discovery of Poetry," wrote this for The New York Times.

THE FREQUENT TRAVELER A Break for the Business Flier

by Roger Collis

THE Canadian airline, Wardair, has come up with one of the most imaginative deals for the business flier since business class was introduced more than a decade ago — a season ticket offering savings of up to 40 percent in business class on flights between Canada and Britain. This is the first time the folks in the front cabin have been given a price break without the usual conditions. Wardair has challenged the usual practice of making those who fly most often pay top dollar for a flexible ticket and a few frills.

It's an idea whose time had to come. A recent survey of travel managers by the Civil Aviation Authority in Britain showed that a large majority wants some kind of corporate season ticket. "We've plugged away at the airlines for many years on this and have always been met with resistance," says Arthur Lyddell, travel manager at Chevron in London and vice president of the Institute of Travel Managers. "So I applaud Wardair in taking the initiative. It highlights the fact that competition is what makes people act."

The Wardair plan — called "Premier Pass 2000" — works as follows. You buy a book of eight vouchers which can each be exchanged for one-way business class tickets when you want to fly. The books cost £3,520 (or the equivalent in Canadian dollars) for flights between eastern Canada (Toronto, Montreal, Ottawa) and London (Gatwick) and Manchester (saving 35 percent on the full one-way business class fare) and \$4,000 for destinations in western Canada (Edmonton, Vancouver, Calgary) saving 40 percent. Wardair has a winter schedule of 23 flights a week between Canada and Britain, and plans to open services to Amsterdam and Paris in April 1989.

The bad news is that Premier Pass is only on sale until Jan. 31, and available for travel until Dec. 31, 1989. So it is just a come-on to promote Wardair's business class, which was launched last April? Not according to George Curley, president of Wardair, who says that although the level of the discounts may change, the plan is here to stay. John Ellis, a spokesman for Wardair in London, says, "We launched the scheme in Canada a month before we sold it over here. It has been so successful in both markets that we've plans for an even more revolutionary product. In the first three weeks here we sold £200,000 worth of vouchers and have targeted \$1 million in revenue by the end of the year. We thought we'd mainly bring over passengers from BA and Air Canada, but there's evidence that the market is expanding."

Wardair has also brought out another innovative fare — a business class APEX for travelers who are prepared to forgo some flexibility in return for a saving of up to 45 percent on a round trip and still enjoy the front-cabin frills. Between London and Toronto, for example, an APEX costs £730 compared to £1,380 for a full business class (which allows unlimited stopovers) and £1,172 for a point-to-point business fare. The conditions are 14 days advance purchase and seven days minimum stay.

Wardair's business APEX is the first echo in the market of an idea mooted by the International Foundation of Airline Passengers Associations about 18 months ago, called BPEX. At that time, Geoffrey Lipman, executive director of IFAPA, was proposing a fare with a 72-hour advance purchase (available on one-way or round-trip) with a saving of 10 to 40 percent of full economy or business class.

"We believe there's more reason than ever to have a fare like BPEX than when we first proposed it," says Lipman. "Except for a few routes to and from the U.K., there is still no choice for the business person in Europe. We've made a second approach to airlines in IATA, but no one is keen when they have high-yield duopolies and a captive market."

WHILE we're at it, why not a first class APEX? "Most people in first class from business class flying on upgrades," says Chevron's Lyddell. "Although we pay lip service to the fact that the businessman needs a flexible ticket — mind you most of the time he does — but give him a good deal and he will quite often structure his journey to take advantage of it."

Meanwhile, market forces may provide the business flier with further options. An Air Canada spokeswoman in England says that the airline came out with its own season ticket shortly after Wardair, but it is available only in Canada. Qantas is looking hard at the Wardair program, according to a spokesman in London. A precedent of sorts is a season ticket arrangement between Air France, Swissair and Sabena on routes between Paris, Geneva, Zurich and Brussels and on Air Inter within France. You buy an annual card and get 30 percent or so off the normal fare. But it came about not through competition on these routes — which are duopolies of national carriers — but as a result of competition from high speed trains. Which is another story.

The next step for season tickets may be a smart card which carries a certain number of credits, enabling subscribers to print out a ticket at the airport on a machine.

Its initiatives like these that will help to give business travelers what they need — choice and convenience at a realistic price.

Eagles Continued from page 7

nearby Tule Lake or the Lower Klamath Basin, about a half-hour drive north. The motels of the town of Tulelake, the Ellis and the Park, are roughly equidistant from the best bird-watching sites and the lava beds.

In the late 1860s, white settlers arranged for the Modocs to be removed from their homes and placed on the Klamath Reservation with their historic enemies, the Klamath and Snake Indians. The Modoc subchief Kientpoos, nicknamed Captain Jack by the settlers, twice led a contingent of his people off the reservation, back to their home on the Lost River north of Tule Lake. The first time, he was persuaded to return but the sparing with the Klamaths made life impossible. In late November of 1872 the Modocs resisted being returned to the reservation and the Modoc War began.

In the final stages of the war, the Modocs retreated to a natural lava fortress — a rocky labyrinth, with nothing but sub-desert brush above ground — known as Captain Jack's Stronghold. For nearly three months, a band of 60 half-starved Indians held off an army of more than 600 in an abortive attempt to press their claim for a reservation of their own on the ancestral land they called "The Smiles of God."

IT helps, at the stronghold, to imagine that the Indians who lost the war really did become eagles. As they slice and wheel through the "big sky" above, the birds seem to be overlords of all they survey. At the visitor center on the 47,600-acre (19,300-hectare) Lower Klamath waterfowl refuge, the staff is keen to divulge all manner of lore about the bald eagles. For instance, in the wild, golden eagles are considerably more aggressive than bald eagles, which will seldom attack human beings unless severely provoked. But in captivity, the golden eagles resign themselves to fate and gradually grow to be amiable, bald eagles tend to remain tense, hostile, even frantic. There is something about

Cherill Aimee Barron, who lives in Sausalito, California, wrote this for The New York Times.



Bald eagles can best be seen soon after dawn at Tule and Lower Klamath lakes in Northeastern California.

Seeking Old Florida in the Keys

by John Cummings

THE highway mile markers in the Florida Keys once aided the driver as the sextant aided the explorer. Today they are still there on the Overseas Highway, stretching about 100 miles from Key Largo to Key West. But they are obscured and largely obsolete as driver aids, just one more reminder of the Keys that are no more.

Today the traveler finds road references among the endless billboards, tacky roadshows, fast food restaurants and supermarkets. In short, traversing much of the Overseas Highway, or U.S. 1, which strings together these subtropical islands with an ecology like no other in the United States, is at times akin to driving through the shopping-mall sprawl of North Miami.

But tucked away behind nearly 30 years of uncontrolled development are reminders of Old Florida, a fast-disappearing place of mangroves and panthers and unpopulated spaces.

dedicate Everglades National Park, but there was no fanfare attending the opening in 1980 of Biscayne National Park, another vanishing ecosystem, with 40 islands and 20 miles of coral reef. Today the park staff laments the small number of visitors. On 181,500 acres, most of it an underwater reef, the park is viewed by glass-bottom boat.

Below the clear waters of Biscayne Bay, out of sight of man-made things, the visitor might spot rare sea turtles, which have reappeared after coming close to extinction, or the glistening fins of a queen angel fish or parrot fish. There are also green moray eels, bulbous brain corals, swirling sea fans, sponges and crabs. A Park Service naturalist explains to visitors the complete marine ecosystem. On shore, mangroves, essentially dense trees and shrubs that live in salt water, sway in the tropical breeze. The land is dotted with ferns and several varieties of palms, both stately and squat, and the sky is alive with birds.

From Biscayne National Park, it is about 30 miles south to the John Pennekamp Coral Reef State Park in Key Largo. This is what the state park rangers call "the real Florida," the Florida that is disappearing. But before heading to Pennekamp, take a detour on State Route 905 for the toll bridge that leads through a time warp to North Key Largo. All of the Keys resembled North Key Largo before the developers came.

Spent at least part of a day in this undeveloped area of virgin forest, mangroves and marshes. In unpopulated areas, where there are no trails, a walk into the woods will often reveal wild orchids. There is even a remote chance of seeing the endangered Florida panther. North Key Largo reveals to the hiker what divers see, but without having to get wet, since much of the terrain is coral rock.

From here on — near the Key Largo National Marine Sanctuary — people like to live in wet suits and underwater gear. This, America's first underwater park and Florida's most popular, is a reef on which nine spots are marked for diving and snorkeling.

There are also other state parks to be enjoyed along the way. One is Long Key, which caters to campers. Another is Lignumvitae Key, a protected virgin tropical forest with rare tropical flora that looks much as it did when the Spanish arrived in 1534. It can be reached only by boat, which docks off the highway south of Upper Matecumbe Key. From the same dock, boats leave

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SOUREN MELIKIAN IN THE HT EVERY SATURDAY WITH AUTHORITY WRITING ON THE WORLD OF ART AND ART AUCTIONS John Cummings is the author of "Goombats," to be published by Little, Brown. He wrote this for The New York Times.

Sarajevo Continued from page 7 GUIDE led us on a walking tour of the city. The first stop was the Museum of the Bosnian, situated on the corner of the city. A 19-year-old student of the name of Gavrilko was the name of Gavrilko. The museum was established by the Austro-Hungarian emperor in 1908. The museum was established by the Austro-Hungarian emperor in 1908. The museum was established by the Austro-Hungarian emperor in 1908. The museum was established by the Austro-Hungarian emperor in 1908.

TRAVEL

Oriental Market *Continued from page 7*

about contemporary Dutch life as either of these two places.

Of course, Beverwijk's six-year-old Oriental Market can't rival the Grand Bazaar of Istanbul or the variety of the casbah of Casablanca. But for the thousands of Turkish and Moroccan residents of the Netherlands, the market fulfills a number of crucial functions. It is a place to stock up on spices and special ingredients from home. It is a meeting ground for friends from the old country. Most important, it is a chance for the "guest workers" to mingle with the Dutch on more than equal terms.

Here the Dutch are on the outside looking in, and the "guest workers"—some of whom have lived in Holland for 20 years or more, and many of whom lost their jobs with the decline of the Dutch textile and shipbuilding industries—are firmly and visibly in control. Thanks to a loophole for religious minorities in the otherwise strict Dutch Sunday observance laws, the Turks and the Moroccans at the Beverwijk market are clearly running their economic show. The Dutch are not allowed to rent stalls or engage in business of any kind. All they can do is nibble, shop and browse, along with the thousands of Turks, Moroccans, Tunisians and Algerians who make the trip from all around the country, as well as from Belgium and West Germany.

The market gets under way at 9 A.M. and runs until 6 P.M. By lunchtime, however, access roads are already packed, and parking spaces hard to find for those who do not opt for the train station, 10 minutes away on foot.



In the market run by "guest workers" in the Netherlands.

THE market's biggest achievement is probably the fact that half the visitors are Dutch, many of whom have probably never set foot in the Islamic butcheries and the ethnic shops and bakeries that have begun to dot the streets of the Netherlands' inner cities.

This in itself is ironic, because the Beverwijk ethnic market owes its origins to the xenophobia, if not overt racism, of the Dutch who rent market stalls at Beverwijk's big commercial flea market, the adjacent Zwart Markt, or Black Market. Over the years, Turkish and Moroccan tradesmen had gradually come to play a major role at the weekly Saturday flea market, to the consternation of the Dutch, according to Bart van Kampen, operator of both the Black and the Oriental markets.

"Compared to the boring old Dutch, the Turks and other peoples of the Mediterranean are livelier, more exciting, more daring and interesting," van Kampen, a former real estate agent and property developer, said. "So at one point, the Dutch got tired of seeing their business taken away and said 'Either they go, or we go.'" Faced with this split, and after being approached by a group of Turks who had been kicked off property in nearby Zaanstad where they had been holding an unofficial market, van Kampen set up the Oriental Market in 1982.

He said the Turkish and Moroccan tradesmen did not view the setting up of a separate market as discriminatory. "On the contrary, they like having their own market and their own facilities, such as the mosque. But they're also proud that so many Dutch come and browse and ask questions."

Although the market is also open on Saturday, it really comes into its own on Sunday, when the big flea market is closed. On a good day, 20,000 visitors circulate among the stalls operated by 800 tradespeople.

For Hayan Karakogon, who runs a grocery shop in Amsterdam during the week and has lived in the Netherlands for 16 years, the market is an extension of his existing business. At his stall, he sells figs, dates, grape leaves, honey and spices as well as his specialty, gamani—a red paste of mixed herbs and garlic. Most of his customers are Turkish, but he lures Dutch customers with a large plate of baklava—his only product to be advertised in Dutch.

"A lot of the Dutch recognize the pastry anyway from their summer vacations along the Mediterranean," he said. "But other people feel adventurous and ask me to recommend something new for them to try."

Yusuf Dur, an Amsterdam-born schoolboy who has worked at one of the vegetable and fruit stalls for three years, said he generally sells only tomatoes and peppers to his Dutch customers but can occasionally get them to take home a pomegranate or two.

The near-equal mix between Dutch and Turkish, Moroccan and other minority visitors to the market means that it helps to offer a good mix of both Dutch and more exotic items. Omer Koçak, tending a table covered with cassette tapes of Turkish popular music sung by Kadir Can, Ibrahim Tatisses and

others, said he was losing rather than making money that day, considering the cost of driving from his home in Rotterdam. "The only people I can sell these to are other Turks. I think I'm going to have to follow his example," he said, pointing to his neighbor's stall, filled with an odd assortment of goods ranging from cigarette lighters and sewing machines and special electric ovens for the baking of pita bread.

THE success of the Beverwijk market has prompted Amsterdam, The Hague, Rotterdam and other major cities to look into the possibility of opening similar enterprises. But van Kampen—who waged a long battle with the authorities in the early 1980s when he attempted to keep the Black Market, like the Oriental Market, open on Sundays—said the vested interests of established shopkeepers in these cities would probably block such plans, for the time being at least.

"The demand for recreational shopping from the public is great, but the resistance from the retail establishment is even greater," he said. But if Rotterdam gives him the go-ahead, he said he is ready with plans to build a vast, multilevel "Grand Bazaar" of ethnic shops and restaurants, complete with several mosques, banquet halls for dinners and weddings and even a specially-built room for circumcision ceremonies.



Wide-open runs at Bjelasnica (above), and a sun break at Jahorina (right).

Sarajevo

Continued from page 7

Turkish sultans established the town as a military and administrative center. Under their influence and pressure, much of the population converted to Islam. Then, a century ago, the Austro-Hungarian empire replaced the Ottoman's.

A GUIDE led us on a walking tour. The first stop was the Museum of Young Bosnia, situated on the corner where on June 28, 1914, a 19-year-old student and nationalist by the name of Gavrilo Princip assassinated Archduke Francis Ferdinand, heir to the Austrian and Hungarian crowns. Moving from politics to religion, we visited the domed Gazi Husrev-Beg Mosque, the largest of the 73 Islamic houses of worship. Its main room was covered in dozens of rich Oriental carpets, gifts from various Moslem countries. Our next stop was an Orthodox Christian cathedral, an authentically medieval structure well stocked with Byzantine icons.

Hunger was setting in so we went for lunch at Monica Han, a restored 17th-century caravanserai. I ordered *cepapici*, a dish of minced meat and spices stuffed into a crusty round bread with raw onions.

After lunch, a companion and I found our way to the Jewish Museum, also in the old quarter. At the start of World War II, there were 14,000 Jews in Bosnia and Herzegovina, according to an inscription in the museum. Most were deported to extermination camps and by the end of the war only 2,600 remained. Many of those emigrated to Israel and a group of Sarajevo Jews were among the heroes of that country's Six-Day War.

From the museum we wandered over to Sarajevo's Oriental markets, where close-size shops overflowed with leather crafts, spices, jewelry, metalwork, toys, musical instruments and leftover Olympic souvenirs. Late in the afternoon, our small group was driven to Mount Trebevic, about six miles from the city and the site of the 1984 Olympic bobsled and luge competitions. For a fee, we were treated to two rides on the bobsled run. It was as much fun as any roller coaster.

But I hadn't come for amusement park rides. I came to ski. The next morning, with snow still cascading down, I took the 9 A.M. shuttle bus to Bjelasnica. Visibility on the slopes was limited. On my first run I followed a ski patrolman through a powdery glade, not so dense or sharply pitched as to scare anybody acquainted with the woody trails of Vermont. But the winds were growing strong and cold and soon the area's two chairlifts were shut down, leaving open only the drag lifts on the lower mountain. The wait to get on them grew frustratingly long.

AS a group, the skiers certainly looked Western. Perhaps I had expected everybody to be wearing oversized fur hats and long black coats and to have barrel staves strapped to their feet. Instead, they were dressed in stretch pants, parkas and knit caps just like skiers in the West. Greek and Hungarian tourists were among the others I talked with about everything from Gorbachev's sincerity to prospects for the post-Reagan era.

When I awoke the next day, the snow was still falling and the winds were still howling. Figuring that the lifts at Bjelasnica would probably be closed, I managed to get a car and driver to take me to Jahorina, which is not quite as high as Bjelasnica and the weather there is sometimes less severe. At Jahorina the weather was bad but, as I'd hoped, more lifts were open.

I arranged for a Yugoslav ski guide by the



Lucas Fred/Magnum

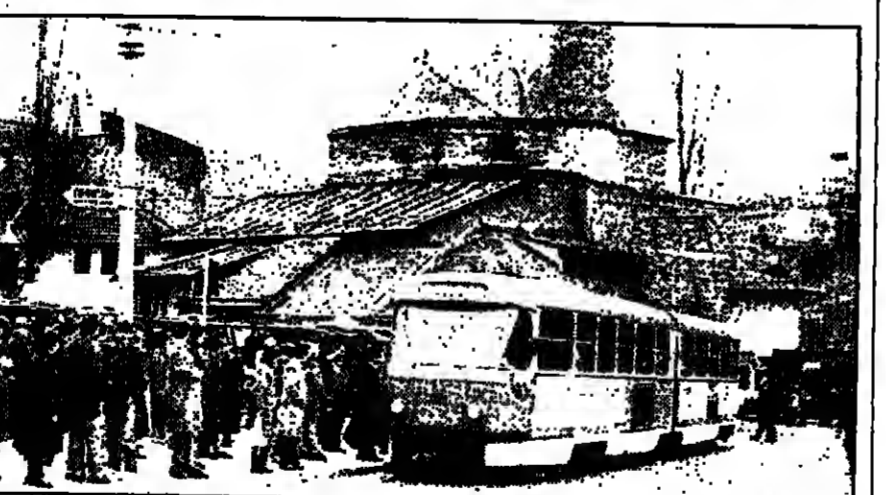
name of Dragan to lead me around the mountain, title of which I could see in the punishing storm. "Who am I to blow against the wind?" he said, appearing to address the sky more than me. Isn't that from a song, I asked. "Paul Simon," he said, beaming. It seemed that Dragan had learned most of his English listening to American music.

"Slow down, you move too fast," he instructed me when I took off rapidly down an unpacked hill. That sort of trail turned out to be characteristic of Jahorina in general: most of the runs were wide open with few steep sections extending for more than a few hundred yards. I was reminded of Keystone and Breckenridge in Colorado and similar areas.

ON the way back to Bjelasnica that afternoon, my driver packed the minibus full of hitchhikers—men, women and children—who were trying to get to Sarajevo but had been stranded because few buses had made it up the mountain in the storm. They thanked him and I understood him to reply that they should thank "our American friend instead," and soon we were attempting to communicate with words and phrases in any number of languages.

Nevertheless, by the time I arrived at the hotel, I had decided I would rent a car and head for Dubrovnik and the Adriatic coast in the morning. That wasn't to be. Overnight, the storm spread across most of Yugoslavia and the roads were reported to be impassable.

Instead, I headed for Malo Polje, a ski center about three miles from the hotel and the site of the 1984 Olympic ski jumping competitions. Malo Polje is a limited area, just two rope tows for beginners and a long chairlift serving a single slope of moderate pitch, not much bigger than the New York and New Jersey areas skiers shuttle up to on



Downtown Sarajevo near the old bazaar.

a Saturday for exercise and practice. The storm had abated and there was plenty of fresh snow. Even so, I grew tired of that one hill, and returned to Bjelasnica.

Only the lifts extending to the very highest elevations were closed. Although the snow continued to fall, the air was warmer and the clouds had lifted a little. For the first time all week there was a view: miles of white-laced pine forest and smoothly rounded mountains, more reminiscent of New England than Switzerland. There were no lift lines so I skied hard and happily for the remainder of the day, cruising down mostly wide-open slopes, nothing precipitous or bumpy, trails that would rate as no tougher than intermediate in either the Alps or the Rockies.

On the final day I returned to Bjelasnica. Conditions were almost unchanged: good snow covering the ground but quite a bit of it continuing to cascade from the sky. Then, in the early afternoon, the main chairlift broke down. There were announcements promising that the mechanical problem was being worked on, but, skeptical and impatient, I shuffled to Malo Polje to spend the remainder of the day.

My few days in Yugoslavia did not qualify as the best or most exciting skiing I had ever done. It seemed that a week had been not enough time for skiing and sightseeing, especially given the bad luck with the weather. I envied those who would arrive a few days later to play in five feet of fresh snow and, likely as not, bright sunshine.

But the week had been worth the while nonetheless. In the end, Sarajevo turned out to be just about what I had anticipated: an attractive, amiable and inexpensive destination for a traveler who also happens to ski or for a skier who has mastered the beaten tracks and seeks new, more distant mountains to conquer.

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French Menu Today: Pasta, Gigot

PARIS — Want to make a Frenchman happy? For sure success, invite him to your home for dinner, serve healthy portions of smoked salmon, assorted salads, a gently roasted leg of lamb, bread and cheese, and dig into your wine cellar for a fine bottle of Bordeaux.

This is according to a recent survey of contemporary French dining habits and preferences. While the French may bicker about politics, architecture, sports and the horror of taxes, on matters of the table they are virtually unanimous. The survey suggests that the modern Frenchman now prefers fresh pasta to cassoulet, that nationally nearly 8 out of 10 still eat lunch at home, and bread is the food that they would miss most if it were to disappear from their daily diet.

The survey also reported that the average Frenchman now devotes as much time to watching television as to eating, an average of two hours a day. And how much time does he spend in daily thought or reflection? Five minutes.

The survey, conducted by Le Figaro Magazine, reports that the sacred gigot d'agneau, or leg of lamb, was chosen as the favorite main dish by 46 percent of the Frenchmen questioned. When presented with a list of popular traditional dishes, gigot won out over sole, steak frites, pot-au-feu (boiled beef and vegetables) and choucroute (sauerkraut with pork and sausages). Yet despite the

modern Frenchman's predilection for meat, a mixed salad was selected as a favorite by 32 percent of those questioned and fresh pasta was chosen by 21 per cent, winning in popularity over the more traditional cassoulet, a stew of varied meats, sausages and beans.

While many of the findings were far from astonishing, the survey—for which 1,000 French of 18 years of age and older were questioned—there were some surprises:

- Only 1 percent skip lunch.
● 79 percent still have lunch at home.
● 99 percent still eat breakfast.

When presented with a list of foods that they would feel most deprived of if they were to disappear, bread was chosen by 66 percent. This was followed by vegetables (40 percent), red meat (28 percent), cheese (27 percent), fruit (24 percent), coffee (20 percent) and butter (19 percent). Red wine, the classic symbol of the everyday Frenchman, would be missed by only 11 per cent of the population. Wine came in a weak tenth, after fish and before chocolate.

While the easy accessibility of fast foods and convenience foods has, on the surface at least, seemed to change the way the French eat, the survey shows that in fact the change is very slow. Only one-half of 1 percent

reported that they ate lunch in a fast food restaurant.

According to official statistics (gathered each year by the Institut National de la Statistique et des Etudes Economiques) the French diet has not changed dramatically during the last 10 years for which statistics are available. Bread may be the most cherished food, but the French are eating less of it. Bread consumption is down, from 73 kilograms (160 pounds) a person in 1976 to 66 in 1986, the most recent year for which figures are available.

THE French are also eating more vegetables, slightly more beef and pork, less fresh fruit, drink less wine, and have decreased their sugar consumption from 17 to 12 kilograms a person during those 10 years. While other national diets show a concern for foods rich in cholesterol, the French are eating more cheese, eggs and milk than they did 10 years ago.

An identical survey conducted in 1984 revealed similar results. Unchanged are the French preference for luxury products: The lineup remains smoked salmon, langouste, foie gras, lobster, and caviar, in that order.

Currently, when offered a list of gifts to choose from, 58 percent chose an airplane ticket, 46 percent a dinner in a grand restaurant with friends and family, and 13 percent the complete works of Marcel Proust.

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U.S. Futures

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The Global Newspaper.

Table with columns: Close, Prev, etc. for London Metals.

Table with columns: Close, Prev, etc. for Paris Commodities.

Table with columns: Close, Prev, etc. for Dividends.

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Table with columns: Close, Prev, etc. for Interest.

Table with columns: Close, Prev, etc. for Money Markets.

Vertical text on the right edge of the page, including 'WALL STREET' and 'DECEMBER 2, 1983'.

Triumphs in TV technology SAMSUNG Electronics FRIDAY, DECEMBER 2, 1988

WALL STREET WATCH

Outnumbered Bulls Balk At Pulling in Their Horns

By FLOYD NORRIS NEW YORK — Betting against prevailing sentiment on Wall Street is often wise, especially when that sentiment reaches extreme levels. Perhaps that time is now. In any case, that is the hope of the lonesome bulls of Wall Street, a group that, by one measure, has shrunk to its smallest size in more than six years.

An Investors Intelligence poll of investment advisers, which measures sentiment on a weekly basis, last week found just 22.9 percent of the group to be bullish. That is fewer than at any time since June 4, 1982, and only half as many as were bullish in mid-October, just before the latest market correction began.

One poll found 22.9 percent of investment advisers to be bullish, the fewest in six years.

The relative scarcity of bulls has also manifested itself in such other indicators as put-call ratios, which show that puts — a way of betting on falling stock prices — are rising in popularity among investors in the options market.

The grim attitude was reinforced this week when banks raised their prime lending rates to 10.5 percent, the highest level since 1985. The rising level of short-term rates has been the main reason for the widespread growth of bearishness. Several major brokerage houses, including Salomon Brothers and Prine Webber, have recommended that institutional clients raise cash.

With short-term interest rates rising in recent weeks, to the point where yields on Treasury bill are less than a percentage point below yields on long-term Treasury bonds, many investors have begun to fear that short-term rates will keep rising until they are higher than long-term ones. In the jargon of economists, that is an inverted yield curve, and it is a situation that often precedes recessions and bear markets.

Melissa R. Brown, a quantitative analyst at Prudential-Bache Securities, points to five periods when short-term rates exceeded long-term ones, going back to 1966. The Standard & Poor's 500-stock index fell in four of the periods, with the drops ranging from a 6 percent decline in the time from January 1966 to February 1967, to a 36 percent plunge in the period from June 1973 through December 1974.

NONETHELESS BULLISH, Ms. Brown points to her quantitative model, which uses expected profits as well as dividends and interest rate levels to calculate "fair" values for the stock market. In each of those cases, she says, the model showed the market was overvalued at the beginning of the period. Now the model concludes stock prices are about 15 percent to 20 percent undervalued, depending on how much one expects corporate profits to rise next year. She said the model also showed stock prices to be below the fair value in November 1978, the beginning of the only period when an inverted yield curve did not lead to a fall in the stock market.

At present, many investors are too concerned by rising interest rates to focus on profits, and recession fears are rising. One measure of rising recession fears is in the behavior of stocks with high price-earnings ratios. To buy such stocks is to voice confidence in continued growth, something not likely in a recession.

A key test of market sentiment is likely to come when the two giant pending deals, the takeover by Philip Morris Cos. of Kraft and the battle for RJR Nabisco Inc., finally close and institutions decide where to invest the money they receive.

One analyst who predicts a rally is Laszlo Birinyi of Salomon Brothers. He says the market today is like the market of late 1986, when prices stalled amid talk that only takeover stocks were rising. Prices then shot up in early 1987. "This market is poised," he said. "When we get some good news, it could do much better than everyone thinks. I think the surprises will all be on the upside."

Pepsico Acquires Bottler

General Cinema Sells Its Business

Compiled by Our Staff From Dispatches NEWTON, Massachusetts — General Cinema Corp. said Thursday it has agreed to sell its soft drink bottling business to Pepsico Inc. for \$1.5 billion in securities.

General Cinema said it will have a \$1.2 billion pretax gain on the sale, which is expected to be completed before the end of year.

General Cinema officials said that the sale was designed to improve shareholder value and that the company will now concentrate almost solely on the theater franchise part of its business.

"Since acquiring our first beverage franchise in 1968, we have built and managed one of the most profitable soft drink bottling operations in the industry," said Richard Smith, the chairman of General Cinema. He said that with the sale of the bottling business, General Cinema was "taking advantage of an excellent opportunity to enhance shareholder value."

Analysts said the deal was attractive. "It is the highest price ever paid for any bottling operation to date," said Roy Burry, an average analyst at Kidder Peabody & Co.

On the New York Stock Exchange, General Cinema closed up \$2 at \$27.87, a 12-month high. The sale will leave General Cinema with investments in movie theaters and retailing, through its holding in the Neiman Marcus Group.

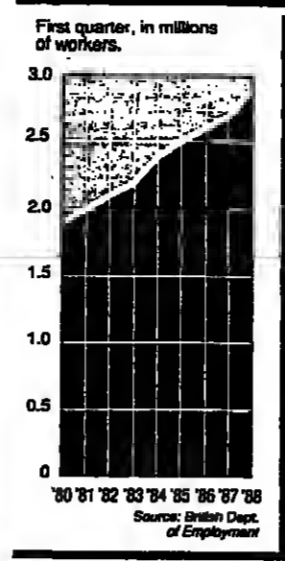
The purchase of the unit will be paid for in 20-year senior interest-bearing notes. The deal is structured so that the company can defer taxes on the sale.

For Pepsico, the deal will be the company's largest bottling acquisition. Pepsico expects that the acquisition of the bottling unit will dilute its earnings by 15 cents a share in 1989.

The advantage of the deal for Pepsico is "having a sharper focus in dealing on a regional basis with your major customers who are also organized on a regional basis," James Griffith, a Pepsico spokesman said.

"In the long term we expect the See PEPSI, Page 13

Self-Employment Grows in Britain



A supporter of Mrs. Thatcher's entrepreneurial policies, Christopher Canaan, works seven days a week in his Birmingham clothing store.



Small Business Booming in Britain

Thatcher Spurs 'Entrepreneurial Ethos' in Inner Cities

By Steve Lohr NEW YORK Times Service BIRMINGHAM, England — Christopher Livingstone Canaan would seem an unlikely convert to the "enterprise culture" that Prime Minister Margaret Thatcher is trying to create in Britain.

He is a 25-year-old with a punkish hairstyle who comes from the inner city of Birmingham, a stronghold of the opposition Labor Party.

Yet Mr. Canaan, who runs two stores specializing in contemporary and 1950s-style clothing, epitomizes the Thatcherite creed of self-help and free enterprise, and he sounds like it.

"Maggie Thatcher stands for self-reliance and hard work," he said. "I totally agree with what she is doing."

Lloyd George McDonald, his 22-year-old partner in the business, called Folio 50, says he shares those sentiments "absolutely."

There is just one of hundreds of businesses that have been started in inner-city Birmingham in the last two years.

The spread of the entrepreneurial ethos to such seemingly unpropitious terrain underlines the extent of the small-business boom in Britain.

Since 1979, when Mrs. Thatcher came to power, the number of self-employed people has increased by 59 percent, to 2.9 million, with most of the growth occurring recently.

Statistics on small businesses — typically defined as enterprises with annual sales of \$4 million or less — tend to be sketchy, but there are thought

to be roughly 3 million of them in Britain. The pace of growth has been impressive and is accelerating. Businesses registered for tax purposes grew by 900 a week last year, or triple the rate in 1980.

And the surge in small business has contributed significantly to the turnaround in Britain's membership rate, which has declined steadily from a peak of 11.2 percent two years ago to 7.7 percent last October.

But the entrepreneurial renaissance is less a matter of statistics than a transformation of attitudes — one that is beginning to permeate British society.

Major British banks, which once shunned small companies in favor of big corporate clients, now view lending to small enterprises as a crucial growth business.

Mr. Canaan, a black man, is an example of programs, both public and private, that are helping members of minority groups in the inner city to establish small businesses.

The Prince of Wales has become an evangelist for small business. The Prince's Youth Business Trust, established two years ago, has given start-up grants to 4,300 businesses, including Folio 50, founded by young people in inner-city districts.

Prince Charles underscored his personal commitment to entrepreneurial activity as a means of regenerating Britain's inner cities by spending his

See VENTURES, Page 15

AT&T Taking Massive Charge For Equipment

Compiled by Our Staff From Dispatches NEW YORK — American Telephone & Telegraph Co. said Thursday it will post the first annual loss in its 103-year history as a result of a \$6.7 billion pre-tax charge that covers the costs of scrapping outdated equipment and cutting thousands of jobs.

Analysts saw the fourth-quarter charge as a sign that AT&T was moving aggressively to cut costs and install a new digital network to meet competition. It also plans to move or reduce 16,000 jobs over the next few years.

AT&T said the charge would reduce profit by \$3.9 billion, or \$3.60 a share. But, it said, the charge will not "adversely affect our ability to pay dividends and continue investing in the business."

AT&T currently pays an annual dividend of \$1.20 a share. Analysts said the write-off and job cuts, plus a decision to accelerate depreciation of digital equipment starting next year, will make AT&T much stronger in 1989, both financially and competitively.

"You've got to be brain dead to think that this is not positive for AT&T," said Jack Grubman of PaineWebber Group Inc.

For the first nine months of the year, AT&T earned \$1.67 billion, or \$1.56 a share. AT&T's stock dropped 37.5 cents a share to \$29.50 at the close Thursday on the New York Stock Exchange.

Industry analysts had estimated that AT&T would earn about \$2.10 a share this year, up from \$1.88 a share in 1987.

Of the total \$6.7 billion charge against profit, AT&T said that \$5.0 billion will be used to reflect the lower value of outdated network equipment.

The remaining \$1.7 billion will include: \$500 million to write down related assets, such as radio towers, test equipment, tools and office equipment.

\$700 million to cover the costs through 1993 of removing and disposing of the analog gear.

\$400 million for a reserve to cover the costs of redeploying staff or eliminating jobs.

AT&T plans to reduce the number of its network employees by 10,000 and the number of its operator service employees by 6,000 over the next few years.

The company said it does not yet know how many of the employees will be given jobs elsewhere in the company because that depends on the company's growth. LuAnn Gardner, a spokeswoman said.

AT&T has a freeze on hiring over most of the company. Although the freeze indicates that the company is stringently cutting employment costs, it also gives the displaced employees a better chance to find jobs elsewhere in the company because they will not face competition from new hires.

Plans to reduce 3,000 of the network jobs and all 6,000 of the operator service jobs had already been announced to employees, AT&T said.

The cuts will be made over the next several years as the deployment of new digital network gear allows it to reduce maintenance, engineering, service provisioning, order processing and call handling operations.

AT&T has reduced employment by 64,000 since the breakup of the Bell System on Jan. 1, 1984. It has about 310,000 employees now, and that could drop to below 300,000 over the next three to five years, Ms. Gardner said.

AT&T took a \$10 billion charge at the end of 1983 to prepare for the divestiture of its local telephone companies. It also took charges of \$200 million in 1985 and \$3.2 billion at the end of 1986.

Long-distance phone companies have been moving aggressively to replace their old-fashioned analog equipment with new, digital equipment that provides higher quality and is better suited to handling transmission of computer data.

MCI Communications Corp. and US Sprint Communications Co., the No. 2 and No. 3 competitors in long-distance, have also taken big charges to write down the book value of their outdated analog equipment.

By taking the pain of the write-down all at once, AT&T no longer has to lower its quarterly profits to reflect the costs of depreciating the older equipment. (AP, Reuters)

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes sub-sections for Cross Rates, Other Dollar Values, and Forward Rates.

Interest Rates

Table with columns for Currency, Rate, and Term. Includes sub-sections for Eurocurrency Deposits, Key Money Rates, Asian Dollar Deposits, and U.S. Money Market Funds.

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BUSINESS ROUNDUP

Hong Kong Telecom in Demand

Brokers Expect 877-Million-Share Sale to Be Oversubscribed

By Coleen Geraghty
Special to the Herald Tribune
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Hong Kong Telecom's share price has dropped steadily since the summer, as investors unloaded their holdings prior to the public offer...

Hitachi Profit Rises; Forecast Is Enhanced

TOKYO — Hitachi Ltd. the major electronics concern, reported Thursday a 51.5 percent increase in group net profit...

KKR Buying Assets of Macmillan, Maxwell

NEW YORK — Macmillan Inc. and Maxwell Communication Corp. have agreed to sell four subsidiaries to Kohlberg Kravis Roberts & Co. for about \$400 million...

PEPSI: General Cinema Selling Its Bottling Operation for \$1.5 Billion

(Continued from first finance page) General Cinema franchises will strengthen our soft drink volumes and improve operating profits...

Kodak Raises Sales in Japan

HARTFORD, Connecticut — Eastman Kodak Co. said it expects its total sales in Japan to reach \$1 billion next year, more than four times 1985 sales in that country...

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DEAL: RJR Nabisco Faces Breakup After the Bitter Battle for Control

(Continued from page 1)

ous record takeover, the \$13.4 billion paid for Gulf Oil Corp. by another oil company, Chevron Corp., in 1984.

After both of the previous deadlines set by RJR Nabisco's board, the management group believed it had won, only to be frustrated in the end.

The conclusion to the six-week spectacle was the product of a remarkably deft series of maneuvers by Kohlberg Kravis and some hardball tactics that, in many ways, showed Wall Street at its best and its worst.

It seems certain that the remarkable sign of the 19th-largest industrial company in the United States being hoisted on the auction block by its management and its board and then fought over so bitterly will help make the takeover a watershed.

Already, congressional leaders have expressed misgivings about the nature of the battle and the amount of debt that will be piled on top of RJR Nabisco to complete the transaction. They have promised hearings into the issue next year.

Kohlberg Kravis offered a package of cash and securities worth \$109 for each of RJR Nabisco's 227 million shares. In addition, it will pay \$108 for each of the company's

1.3 million outstanding shares of preferred stock.

While Kohlberg Kravis issued a statement expressing its satisfaction, Mr. Johnson, the RJR Nabisco chief, issued a one-sentence statement that captured his group's sense of disappointment: "I am proud of the fact that we put the best bid on the table the first time and this time."

Shearson Lehman Hutton, the Wall Street firm that was one of the management group's key financial partners, said in a statement: "From what we know, our bid was the best. We are mystified about the process and the standards that the board used to reach its decision. We are going to continue to keep our options open. We believe the RJR shareholders will have a lot of questions as well."

The board said the group's bid was valued at \$112 a share, also in cash and securities.

For RJR Nabisco's shareholders, the outcome of the battle will be short-term profits. But for the giant consumer-products company, it will mean an unprecedented debt burden and will result in its breakup.

At the current bidding level, the company would be saddled with more than \$20 billion of debt, more than the combined national debt of Bolivia, Jamaica, Uruguay, Costa Rica and Honduras.

As of a bidding "deadline" at 5 P.M. on Tuesday, Kohlberg Kravis was ahead with a bid of \$106 a share for each of RJR Nabisco's 227 million shares, or a total of \$24 billion.

The management group, which includes the Wall Street firm Salomon Brothers as well as Shearson Lehman, had offered \$101 a share Tuesday. A third bidder, a group led by the First Boston Corp., dropped out of the bidding because the bank financing of its bid was uncertain.

Kohlberg Kravis worked through Tuesday night with advisers to RJR Nabisco's board to fashion a final merger agreement, assuming it had won as of the deadline.

Wednesday morning, however, the management group stepped up with a new bid of \$108 a share, or \$24.5 billion, and demanded that it be considered "rules" of the competition had been. To the chagrin of Kohlberg Kravis, a special committee of directors running the auction allowed the group to submit the new offer.

At around midday Wednesday, both bidding groups and their key advisers were put into conference rooms and told they had 15 minutes to come up with a final proposal. At that time, both offered pro-

posals worth more than \$108 a share, according to people with knowledge of the talks.

In both bids, more than 90 percent of the purchase price would be in the form of money borrowed against the assets of RJR Nabisco. In the contest, one way the groups managed to increase their bids was by reducing the amount of cash that shareholders would be paid and increasing the proportion that would be paid in the form of new securities.

At this stage, less than \$85 of the purchase price for each share would be in cash, people with knowledge of the situation said. In addition, both contenders offered about \$8 billion more than the first buyout proposal for RJR Nabisco that began the contest six weeks ago.

The unusual showdown caused havoc among the class of professional stock traders known as arbitrageurs.

RJR Nabisco shares rose \$2.125 on the New York Stock Exchange Wednesday, to \$93, after touching a high during the day of \$94.50. But trading in the shares was halted twice.

Even with the loss of two hours of trading, the stock was the most actively traded on the New York Stock Exchange on Wednesday.

On Thursday, the stock fell \$1.625 to \$91.875 in active trading.

Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere. Via The Associated Press

High Low Stock DM, YN, PE 52 High Low One

Table of stock prices for various companies including American Express, American International, and others. Columns include High, Low, Stock, DM, YN, PE, 52 High, Low, One.

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ADVERTISEMENT

INTERNATIONAL FUNDS

December 1, 1988

Questions emailed by funds listed. Net asset values are provided by the Funds listed with the exception of some funds whose values are calculated by the publisher. The marginal symbols indicate frequency of quotations: (d) - daily; (w) - weekly; (m) - monthly

Large table of international fund listings including fund names, net asset values, and other details. Columns include fund name, net asset value, and other financial data.

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Be sure that your fund is listed in this space daily. Telex Matthew GREENE at 613595F for further information.

CURRENCY MARKETS

Dollar Steady Before U.S. Jobs Data

NEW YORK — The dollar closed barely changed Thursday, as markets awaited Friday's release of U.S. employment data for November...

London Dollar Rates

Table with 3 columns: Currency, Bid, Ask. Includes Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc.

The currency rebounded from lows hit during London trading as positions were squared and there was a cautious renewal of hopes for a rise in the U.S. discount rate.

Speculation that the Federal Reserve, the U.S. central bank, might raise the key rate has been among the few factors underpinning the dollar in the recent bearish climate.

But hopes for a rate rise — which would enhance the investment attraction of dollar holdings — dimmed Wednesday with the release by the Fed of its so-called Tanzi Book, a six-weekly report on the economy.

Against the Swiss franc, the dollar inched up to 1.4510 from 1.4493, but it declined to 5.9120 French francs from 5.9135 at the previous close.

Earlier, in Tokyo trading, dealers spoke of possible large dollar purchases by the Seibu Saison group for the \$2.27 billion it needs to fund a takeover of Inter-Continental Hotels. The deal is scheduled to close on Dec. 15.

But several U.S. traders said purchases for such a deal would be spread out over several days and should not make a dramatic impact on the market.

Other dealers said the dollar's

rally may have been prompted when the Fed added \$2 billion of temporary reserves to the banking system via customer repurchases.

Some dealers said the operation offered one hope that the Fed might soon raise the discount rate.

In London, the dollar closed lower in leucargic trading, as operators paused to consider the likely

Brazil Adding Dollar Rate

BRASILIA — Brazil will introduce a tourist dollar exchange rate, the national monetary council announced, in an effort to bring the official rate closer to the black market rate.

Officials said Wednesday that the new rate was aimed at undermining the black market for dollars, which has flourished at the expense of formal financial markets.

Brazilians going abroad will be able to buy up to \$4,000 at an exchange rate to be fixed by the central bank. Official sources said the rate would be kept close to the black market rate.

Tourists arriving in Brazil will be able to exchange up to \$4,000 at a similar rate under the plan. The dollar traded at \$82 cruzado on the official market on Wednesday, and at 960 on the black market.

German Growth: 3.4% Rate

BONN — West German gross national product grew at a 3.4 percent annual rate in the third quarter, fueled by domestic demand and booming exports, the Economics Ministry said Thursday.

Given the positive outlook for the fourth quarter, a 3.5 percent growth rate for the year is "very likely," the ministry said. It would be the biggest annual increase since 1979. GNP rose 1.5 percent between July and September over the previous quarter.

Economists said an unexpected recovery to industrial investment had also contributed significantly to the quarter's rapid growth.

The ministry said the "robustness" of the economy was especially healthy since it was accompanied by low inflation and an improvement in the labor market.

The figures were in line with the government's latest projections. But economists in Frankfurt said the numbers were better than their most optimistic forecasts.

"It is strong, very strong growth indeed," said Jürgen Severin, an economist at Dresdner Bank. Private economic research institutes had initially projected a growth rate between 1.5 percent and 2 percent this year, although they recently raised their estimates.

U.S. Leading Indicators Suggest Slowdown

WASHINGTON — The U.S. government said Thursday that its chief forecasting gauge of future economic activity, the index of leading indicators, edged up a sluggish 0.1 percent in October after falling a month earlier.

The index had previously been estimated to have fallen 0.1 percent in September, but the latest report by the Commerce Department revised that to a 0.3 percent fall.

Economists said the index appears to be pointing to slower growth, but they have been hard-pressed to find much sign of a slowdown.

In a separate report Thursday, the Commerce Department said U.S. construction spending climbed 0.9 percent in October, the steepest increase in three months, with strength spread throughout housing, government projects and commercial buildings.

It said building activity rose to a seasonally adjusted annual rate of \$409.2 billion in October following a 0.7 percent increase to September

and a 0.2 percent rise in August. It was the best showing since a 1.5 percent jump in July.

Other statistics for October look strong. Unemployment is at a 14-year low, factories are using more of their capacity than at any time in more than eight years and personal income posted its steepest increase in a year.

"The message is clear that the fourth quarter is starting out very well," said Allen Sinai, an economist for The Boston Co. "There are no particular imbalances," he added, "and that suggests the economy should keep on expanding nicely for another six to nine months."

However, the leading index is "clearly signaling a slowdown" in the second half of next year, he said. Over the last 12 months, it has risen only 0.5 percent, compared with a gain of 6 percent for the previous 12-month period.

In October, four of nine available indicators were pointing to faster growth, while five were pointing to slower growth.

The factors pushing the index up, in order of magnitude, were an increase in building permits; a rise in stock prices; a jump in new orders to manufacturers for consumer goods; and a drop in initial claims for state unemployment insurance.

The negative factors were faster deliveries to companies; a drop in the price of industrial materials; a decline in the inflation-adjusted money supply; a shortening in the length of the average workweek; and a fall in orders for business equipment.

The changes left the index at 193.0 percent of its 1967 base of 100.

In its building-activity report, the Commerce Department said that residential construction was up 1 percent in October to a seasonally adjusted annual rate of \$198.9 billion.

Nonresidential construction rose 0.4 percent to an annual rate of \$93.3 billion. (AP, Reuters)

VENTURES: Small Business Booming in Britain

(Continued from first finance page) 40th birthday, Nov. 14, in Birmingham at a party with recipients of the trust grants.

At the London Business School, Britain's leading management training institution, top students once wanted to work for old-line companies, but now they are increasingly interested in becoming entrepreneurs. A course entitled "New Venture Development" is one of the most popular.

"In Britain during the 1980s, it has become not only acceptable but admirable to run your own business," said Catherine Gurling, director of the London Business School's program for enterprise, which studies start-ups and small companies.

"That is a dramatic turnaround in attitudes. The goal of Thatcherism has always been to alter Britain's values, not just the gross national product, and make Britain a society of self-reliant go-getters. Economics are the mother of Mrs. Thatcher's ideas. 'The object is to change the soul.'"

Opinion polls, however, suggest that there are limits to how far the British public wants to see the Thatcher revolution go. They applaud her handling of the economy but they also support the linchpins of the postwar welfare state and public ownership of utilities.

A majority remains devoted to a totally state-financed national health system, for example, whereas Mrs. Thatcher's government is instituting some changes for users.

And most Britons oppose the government's plans to privatize the country's water authorities and electricity industry.

"She's won economically, but not on the social agenda," said Robert Worcester, chairman of Market & Opinion Research International, a polling organization.

Still, the broad acceptance of the Thatcherite ethos in the economic sphere is considered a considerable achievement. And a glance at small-business

development in Birmingham shows how changes in attitudes and institutions, along with policy initiatives, have fostered growth in new ventures, which are the grass roots of any market economy.

Many of the new businesses in inner-city Birmingham have been started with the combined assistance of the Prince's Youth Business Trust and a "street banker" named Tony Jump, a local officer for the National Westminster Bank.

Mr. Jump operates out of his car and a briefcase, not a bank branch, acting mainly as a consultant to inner-city people interested in starting a business, helping them to draft business plans and secure financing.

National Westminster, Britain's largest bank, placed a handful of bankers like Mr. Jump in deprived districts in Birmingham, Liverpool, Leeds, Manchester and Wolverhampton after the urban riots of the 1980s.

"To be honest, this began as a public relations exercise," said Mr. Jump, who started his job in January 1986. "The bank didn't expect much business from it. The size and growth of the program has surprised everyone."

Since then, Mr. Jump has helped nearly 400 businesses start up accounting for a loan portfolio of \$5.5 million. So far, the bank has had to write off less than 1 percent of these loans to ostensibly high-risk enterprises.

Most of the ventures also received \$1,800 grants from the Prince's Trust and supplemental financing from a few government programs, notably the Enterprise Allowance Scheme, which gives fledgling entrepreneurs \$75 a week to make it more attractive to forgo unemployment benefits.

In Mr. Jump's view, there was a reservoir of untapped enterprise in urban minority communities. Parity, he concedes, may become entrepreneurs out of necessity; they see starting a business as their only chance to get off welfare, now that

heavy industry in the north of England has declined.

But once they were started, the fledgling businesses soon became far more than jobs for the owners. "They become driven by the desire to make it succeed," said Mr. Jump, who is also the local vice chairman of the Prince's trust.

"As their business starts to grow, so does the confidence and self-esteem of these young people."

Small-business lending has suddenly become a hot field. At National Westminster, for example, that portfolio has roughly tripled since 1980, to \$12.8 billion. Though many entrepreneurs still complain about British banks, the attitudes of lending officers are changing.

Today, the banks themselves are becoming more entrepreneurial, focusing more on the quality of a new venture's business plan than on the assets that might be seized in case of failure. In the past, \$10,000 for a loan, say, only routinely led four times the owner's stake.

Even the largest banks now view tiny businesses as potential corporate customers.

"If you don't capture them at the point of start-up, then, by and large, they won't walk through your door 10 years later," said Kevin Jennings, a senior vice president of National Westminster.

"We don't mind how small the business is any more. We're interested in lending to them all, right down to market stalls."

Folio 50 began three years ago in a 6-foot-by-4-foot (1.8 meter-by-1.2 meter) market stall in central Birmingham. Slowly, sales of its period styles and traditional clothing grew; it eventually occupied several stalls to the city's Bull Ring marketplace.

Today, the company is located in a two-story outlet that includes a small restaurant and tea room. It employs 15 people and is generating sales of about \$20,000 a week.

Thursday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 150 most traded securities in terms of dollar volume. It is updated twice a year. Via The Associated Press.

Table of OTC prices for various stocks, including columns for 12 Month High, Low, Stock, Div., Yld., PE, Bid, Ask, High, Low 4 P.M. CLOS.

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Analysts See Platinum Staying in Short Supply

LONDON — Industrial demand for platinum will drop next year but supplies should remain tight, analysts at Shearson Lehman Hutton predicted Thursday.

Platinum prices hit their highest levels since June on the London Metal Exchange on Thursday, at \$610.50 an ounce. But platinum for January delivery fell back to \$603.70 on the Comex in New York at mid-session, because of profit-taking.

The Shearson analysts said the white metal, used primarily in jewelry and as a catalyst to clean vehicle exhaust fumes, should average \$565 a troy ounce in 1989, compared with an estimated \$530 this year.

In a detailed study of platinum, a Shearson research unit said total Western industrial demand was likely to fall to 3.02 million ounces in 1989 from an estimated record of 3.12 million ounces this year.

Western supplies, including imports from the Eastern bloc and recovery of the metal from scrap, are projected at 3.35 million ounces next year, compared with 3.25 million ounces this year, the study said.

South Africa, the West's main source of platinum, is expected to raise production to 2.67 million ounces in 1989 from 2.54 million ounces in 1988, the study said.

But it said that investment demand should remain strong and absorb the 1989 surplus. The market will remain tight through to 1991, said Rhona O'Connell, Shearson's precious metals expert. (AP, AFP, Reuters)

Norway Opens Major Oil Field

OSLO — Norway opened its newest North Sea oil field, Oseberg, on Thursday, making a significant increase in production at a time when the OPEC nations are trying to cut oil output.

Oseberg, which began production four months ahead of schedule, will account for 240,000 barrels a day when it becomes fully operational early next year.

Norway's oil output will then reach more than 1.4 million barrels a day.

Norway is not a member of the Organization of Petroleum Exporting Countries, but Norwegian observers at OPEC's ministerial meeting in Vienna last month were severely criticized for the planned increase.

Since February last year, Norway has held oil production 7.5 percent below full capacity in support of OPEC's efforts to stabilize oil prices.

Norsk Hydro A/S, the state-controlled company that operates Oseberg, said the field would produce oil until the year 2001, and would then switch to gas production. The oil will be pumped through a 110-kilometer (70-mile) pipeline to the western coast of Norway.

In a related development, Norway's minister of oil and energy, Arne Oestn, said Thursday that the government would propose the start of exploration drilling for oil in the Barents Sea next summer.

He said that if no new oil fields were found, Norway's oil production would start to decline by the turn of the century.

INTERNATIONAL MARKET. BY SHERRY BUCHANAN. IN THE FT. EVENING. ESSENTIAL READING FOR EXECUTIVES WORKING IN THE INTERNATIONAL MARKETPLACE.

BOOK BRIEFS

LOVE TROUBLE IS MY BUSINESS. By Veronica Geng. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N.Y. 10022.

Veronica Geng's satiric essays are little islands of weirdness in the sober pages of The New Yorker.

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came urine (reputed to kill head lice, recommended in some quarters as a shampoo) and about crocodile tears, a very sincere method of getting rid of salt that crocodiles share with whales and turtles.

The facts are only part of the story, however. "Lot's Wife" is also a highly personal book, a book of moods and fancies.

An undeniably imaginative approach. But she also tends to write in a rhapsodic and jerky style.

One could say such things; but unless you are Sir Thomas Browne or Herman Melville, it is usually better to make your points more straightforwardly.

THE HISTORY OF THE SIERRA CLUB, 1892-1978. By Michael P. Cohen. Sierra Club Books, 730 Park Street, San Francisco, Calif. 94109.

The Sierra Club is arguably the most influential conservation organization on the planet.

"The History of the Sierra Club" is a strikingly inside view. Cohen not only had the club's archives at his disposal, his personal association with the club and its leaders were clearly an important resource.

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Dec. 1

Table with columns for Amsterdam, London, Frankfurt, and other markets, listing various stocks and their prices.

Table with columns for Tokyo, Hong Kong, Singapore, and other markets, listing various stocks and their prices.

Table with columns for Sao Paulo, Mexico, and other markets, listing various stocks and their prices.

Table with columns for Seoul, Taipei, and other markets, listing various stocks and their prices.

Table with columns for Toronto, Dec. 1, listing various Canadian stocks and their prices.

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Table with columns for Toronto, Dec. 1, listing various Canadian stocks and their prices.

ACROSS crossword puzzle grid with clues: 1 Kingdom, 4 Tragic monarch, 10 Short swim, etc.

WEATHER section with tables for Europe, Asia, North America, and Oceania, showing high/low temperatures and weather conditions.

PEANUTS comic strip panel showing characters talking about a phone call and a sheep.

BLONDIE comic strip panel showing characters in a domestic setting.

BEETLE BAILEY comic strip panel showing characters in a scene.

DOONESBURY comic strip panel showing characters in a scene.

Down crossword puzzle clues: 1 Macabre, 2 Alberto Azco, 3 G.P., etc.

ANDY CAPP comic strip panel showing characters in a scene.

WIZARD OF ID comic strip panel showing characters in a scene.

HALT! WHO GOES THERE? comic strip panel showing characters in a scene.

REX MORGAN comic strip panel showing characters in a scene.

GARFIELD comic strip panel showing characters in a scene.

Large vertical advertisement on the right side of the page, including 'Then Duke', 'SUSPENDS DOLP', 'GIVENS AS ONE', 'RECORD', 'SCOREBOARD', and 'BASKETBALL STANDINGS'.

SPORTS

When Duke Sax Meets Boss Hogg

New York Times Service
NEW YORK — Let us move
lead to the 1989 baseball season.

VANTAGE POINT/George Vecsey

The new guy watches the trade for a few
minutes. And he likes it. He feels like
applauding the owner of the Yankees
doing a wonderful imitation from
television's 'The Dukes of Hazzard.'

bulked himself up until he couldn't
flip the ball to first base, normally
as demanding as taking out the
garbage.

When Lasorda would brandish a
plate of penne all'arrabbiata in the
clubhouse, Sax played Don Wilson
to Lasorda's Jack Benny. Once Sax
was heard to shout, "Why is it all
ways food with you, Tommy?"



Henri Leconte had more trouble getting over the net than he did in
upsetting Wimbledon champion Stefan Edberg in the first round.

Becker Defeats No. 1 Wilander;
Leconte, Agassi Win in Masters

Compiled by Our Staff From Dispatches
NEW YORK — His ankle felt
fine and his feet didn't hurt. All
that bothered Boris Becker were
a couple of Mats Wilander's shots
that hit the net cord and bounced
over just out of reach.

and set the breaker, Wilander was
busy giving it to Becker, taking a 3-
0 lead by winning back-to-back
points on balls that hit the net cord
on their way to becoming winners.

run well," Edberg said. "It should
be better than it is. It's a pity."
It has been an odd year for the
man ranked as high as No. 2 last
summer, riding the crest of his
Wimbledon championship. But
since he has won only three tourna-
ments, about half as many as usual.

SIDELINES

NFL Suspends Dolphin Star Duper

MIAMI (AP) — Two-time Pro Bowl wide receiver Mark Duper's
season with the Miami Dolphins ended Wednesday when he and lit-
tle-used defensive back Victor Scott of the Dallas Cowboys were suspended
30 days each for violating the NFL's substance abuse policy.

Tyson, Givens as One Again — in Suit

NEW YORK (AP) — Heavyweight boxing champion Mike Tyson and
his wife, Robin Givens, slugging it out in divorce courts, were sued
Wednesday by a Manhattan furrier who claims they owe him \$92,012.50 for
a sable coat bought as a birthday gift for Givens's mother, Ruth Rosen.

Georgia Tech May Play Game in France

ATLANTA (AP) — A French aerospace company has invited Georgia
Tech to play against Western Carolina next season in what could be the
first U.S. college football game in France.

For the Record

Fred Couples of the United States, with a 60-foot birdie bunker shot at
the 18th hole, held a one-shot lead Thursday over Mike Colandro of the
United States and Masashi Ozaki of Japan after one round of the
Australian Bicentennial Classic golf tournament.

Quotable

George Raveling, USC's basketball coach, on scheduling easy oppo-
nents: "I know a lot of coaches who loaded up with powerhouses who are
now working at K mart."

The Battle Off Court Heats Up for Control of Tennis

By Peter Alfano
NEW YORK — They arrived on gimpy
knees and tender feet, nursing sore
shoulders, weary from the fatigue that is a byprod-
uct of a 12-month season.

landed, the No. 1 ranked player in the world
and an ATP board member. "I'm as sure as I
can be."
Stefan Edberg agreed.
"The top players have to take an interest,"
he said. "It's not going to be perfect the first
year, there will be some problems, but we're
willing to do this."

Slams — Wimbledon, the United States
Open, the French Open and the Australian
Open — which will operate independently of
the ATP tour but will continue to be sup-
ported by the players.

Super Field for Baseball Hall of Fame
Bench and Yastrzemski Top List of First-Time Candidates

NEW YORK — Ballots for the
Baseball Hall of Fame, which were
mailed Thursday to the electors,
included a large and strong group
of 20 first-time candidates led by
four recent stars: Johnny Bench,
Carl Yastrzemski, Gaylord Perry
and Ferguson Jenkins.

must be named on 75 percent of the
ballots.
The results will be announced in
mid-January, and the inductions
will be made next summer at the
Hall of Fame in Cooperstown,
New York.

SCOREBOARD

Table with columns for BASKETBALL, HOCKEY, and SOCCER. Includes NBA Standings, Eastern Conference, Western Conference, and various game results.

Table with columns for HOCKEY and SOCCER. Includes NHL Standings, Wales Conference, and various game results.

Table with columns for ESCORTS & GUIDES. Includes International Escort Service, Aristocats, Treasure, Regency, and other services.

Table with columns for ESCORTS & GUIDES. Includes International Classified, Escort Services, and other listings.



HEADS HE LOSES — Mike Ginniss was both blocked and blinkered by Kevin Duckworth, left,
and Jerome Kersey of the Portland Trail Blazers during Wednesday night's NBA game in
Philadelphia. But the 76ers, who pulled ahead in the third quarter, won by the score of 114-106.

Handwritten text in a box: "سكزانت الاصل"

Pages 18 & 19
FOR MORE
CLASSIFIEDS

OBSERVER

Time Out: It's Football

By Russell Baker
NEW YORK — I went to a professional football game in Washington. It was remarkably restful, and the game was good and interesting to the very end.

moment's peace. (Unless you're lucky enough to catch a game broadcast by the incomparable John Madden-Pat Summerall team.)

At the stadium you enter another world. There is the calming beauty of the field, an expanse of brilliant green grass under a great vault of sky. Nature is present, as it never is on television.

The players assemble for conferences on the field. A half-dozen authority figures — "the officials" — confer constantly with one another, often with the players, occasionally with the battalions of coaches clustered at either side of the field.

What was striking about seeing a game in the arena, rather than on television, was its restful quality. After watching football on television, I always feel wrung out, irascible and guilty.

The long talky pauses between bursts of action become restful after awhile. How lovely it is not having an instant replay of that key block. How peaceful not having to see the incredibly portentous field goal that tied the absolutely vital clash in faraway Nevada between the Las Vegas High Rollers and the Akron Steel Beliefs.

The wrung-out, irascible feeling results from television abuses aimed at keeping everybody's nerves stretched to the screaming point; to wit:

What is this? The Washington team has lost! Ah well. They were probably out-talked in the conferences. Free from TV, one can find philosophical calm and recall what the philosopher Red Smith observed: It's only a game that boys can play.

'Alice's Restaurant,' Updated for '80s

By Marialisa Calta
New York Times Service

STOCKBRIDGE, Mass.— The display cases at La Fête Chez Vous are crammed with plates of rabbit stewed with figs and apricots, shrimp with nacho stuffing, ginger cheese cake and almond-hazelnut dequise.



"Alice's Restaurant" (the title of the song, not the restaurant, in Arlo Guthrie's recording and film) is now a trendy bistro, La Fête Chez Vous; meanwhile Guthrie is re-releasing the song.

The location is steeped in history — not the history of Norman Rockwell, even though he once painted in a studio above the restaurant. Rather, it is a history that began more than two decades ago, when La Fête Chez Vous was Alice's restaurant.

That's Alice, as in Alice Brock, as in "You can get anything you want at Alice's restaurant," the refrain of a 1967 hit song by Arlo Guthrie. The song, "Alice's Restaurant Massacree," details the Thanksgiving dinner that Brock cooked for Guthrie and friends, and Guthrie's attempts to dispose of the refuse after the dinner.

glimpse of Guthrie, wanting to speak to Brock. Bernard Mallon and Joseph Wheaton, owners of a five-year-old catering business and of La Fête Chez Vous, which opened in April, are still hearing echoes of Guthrie's song.

"I was in my 50s," Benner recalled, "a housewife on the verge of a divorce. My daughter was a waitress at Alice's and she encouraged me to apply. Alice was wonderful. It was the best time of my life."

Alice's restaurant, Guthrie sings, "is not the name of the restaurant, it is the name of the song." The restaurant was the Back Door, and Brock closed it (and opened another in a different place) before the song hit the charts.

Wheaton has not met Brock, who lives in Provincetown, Massachusetts, where she is an artist and writer and cooks occasionally at a restaurant.

Mallon, 48, soft-spoken and helping the nuns who raised him in an orphanage in Sparkhill, New York.

Just after the original "Alice's Restaurant Massacree" became popular, long-haired youths flocked to Stockbridge, pestering Obanheim for autographs as he directed traffic, hoping for a

She was never comfortable, she said, with the fame and the song and movie brought her. "In My Life as a Restaurant" (Overlook Press, 1975) she wrote of diners begging for autographs and otherwise harassing her. "I think I was a symbol of things for people even before the song."

Brook said in a husky voice. "After the song, it got really crazy." As a restaurateur, Brock broke ground in the Berkshires. "She was a great cook and made fabulous food," Guthrie said. "She made the first phyllo pastries. That was not part of my bohemian past. And she made a great chocolate mousse."

She also made pasta dishes like orzo with mussels in white wine and homemade borscht when such fare was rare.

Jersey. His wife, Naomi, called the style "funky Italianate."

But they have changed the look of the restaurant, which was crowded with small wooden booths and a counter when Brock ran it, and have added arches and marbleized accents. There are three small marble tables for diners. Other customers take the food out.

"You know," he said, recalling that fateful Thanksgiving in 1965, "if it had only been a couple of bags of garbage, I would have picked it up myself."

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